



# Journal of the Senate

State of Indiana

114th General Assembly

First Regular Session

Thirty-ninth Meeting Day

Monday Afternoon

April 4, 2005

The Senate convened at 1:33 p.m., with the President of the Senate, Rebecca S. Skillman, in the Chair.

Prayer was offered by Pastor Rueben Schwieger, Tower Heights Church of God, the guest of Senator Lindel O. Hume.

The Pledge of Allegiance to the Flag was led by Senator Hume.

The Chair ordered the roll of the Senate to be called. Those present were:

Alting	Long
Antich-Carr	Lubbers
Bowser <input checked="" type="checkbox"/>	Lutz
Bray	Meeks
Breaux	Merritt
Broden	Miller
Clark	Mishler <input checked="" type="checkbox"/>
Craycraft	Mrvan
Dillon	Nugent
Drozda	Paul
Ford	Riegsecker
Gard	Rogers
Garton	Server
Harrison	Simpson
Heinold	Sipes
Hershman	Skinner
Howard	Smith
Hume	Steele
Jackman	Waltz
Kenley	Waterman
Kruse <input checked="" type="checkbox"/>	Weatherwax
Lanane	Wyss
Landske	Young, M.
Lawson	Young, R.
Lewis	Zakas

Roll Call 341: present 47; excused 3. [Note: A ☒ indicates those who were excused.] The Chair announced a quorum present. Pursuant to Senate Rule 5(d), no motion having been heard, the Journal of the previous day was considered read.

## RESOLUTIONS ON FIRST READING

### Senate Concurrent Resolution 43

Senate Concurrent Resolution 43, introduced by Senator Hershman:

A CONCURRENT RESOLUTION honoring the Clinton Central FFA for winning the 2004 American Royal Livestock Judging Contest, the State Meats Career Development Event and the Crops Judging 4-H Division State Championship.

*Whereas, Troy Walker, Jared Stowers, Jeffrey Cole, Bradley Baker, Blake Stowers, Matt Dunham, Brent Dunham, Alyssa Smith, Courtney Smith, Samantha Beebe and Carrie Miller are all members of the Clinton Central FFA (the "Team") which is led by Roger Carr and Matt Dice;*

*Whereas, The Team won the FFA division 2004 American Royal Livestock Judging contest in Kansas City, defeating teams from 24 states;*

*Whereas, At the contest, the Team placed 1st in reasons, 1st in cattle judging, 1st in swine judging and 2nd in sheep judging;*

*Whereas, The Team won the 2004 Indiana State Meats Career Development Event at Purdue University, defeating 37 other teams in judging six placing categories, identifying 40 meat cuts, taking a quiz and meat formulation exam and judging quality and yield grade of four beef carcasses;*

*Whereas, The meat judging victory gives the Team the title of 2005 FFA State Meats Judging Champions; and*

*Whereas, The Team won the Indiana State 4-H Crops Judging Championship by identifying 25 crop and weed specimens, 25 crop and weed seeds, deficiencies of crops, calculating and grading grain, and taking a quiz over agronomy: Therefore,*

*Be it resolved by the Senate of the General Assembly of the State of Indiana, the House of Representatives concurring:*

SECTION 1. That the Indiana General Assembly honors the Clinton Central FFA for their exceptional victories in livestock, meat and crops judging.

SECTION 2. The Secretary of the Senate is hereby directed to transmit a copy of this Resolution to FFA Advisors, Roger K. Carr and Matt Dice and to Principal, Ronald Dunn.

The resolution was read in full and adopted by voice vote. The Chair instructed the Secretary to inform the House of the passage of the resolution. House sponsor: Representative Buck.

### Senate Concurrent Resolution 60

Senate Concurrent Resolution 60, introduced by Senator Drozda:

A CONCURRENT RESOLUTION honoring the life of Pope John Paul II.

*Whereas, Pope John Paul II was born Karol Wojtyla on May 18, 1920, in Wadowice, Poland and was baptized on June 20, 1920;*

*Whereas, He was ordained as the auxiliary bishop of Krakow on September 28, 1958, and was named archbishop of Krakow on December 30, 1963;*

*Whereas, In 1978, at the age of 58, he was elected 264<sup>th</sup> pope and bishop of Rome, becoming the first non-Italian pope in 455 years as well as the first Polish pope;*

*Whereas, An assassination attempt was made on his life on May 13, 1981 and then personally met with and forgave his would be assassin;*

*Whereas, He reestablished diplomatic ties with the United States in 1984, established diplomatic ties with the former Soviet Union in 1990 and established diplomatic ties with Israel in 1994;*

*Whereas, He was named Time magazine's "Man of the Year" in 1994;*

*Whereas, His is the third longest pontificate in the history of the papacy;*

*Whereas, He was the most photographed world leader in history;*

*Whereas, He authored seven books and fourteen encyclicals and was fluent in ten different languages;*

*Whereas, His influence was felt well outside of the Church and is widely seen as a key figure in the collapse of communism in Eastern Europe;*

*Whereas, Pope John Paul II undertook 247 foreign and Italian pastoral visits, traveling over 700,000 miles to visit parishes, religious institutes, universities, seminaries, hospitals, rest homes, prisons, and schools; and*

*Whereas, Pope John Paul II was a spiritual guide, tireless advocate of peace and interfaith understanding, a voice of the oppressed, and a champion of human freedom: Therefore,*

*Be it resolved by the Senate of the General Assembly of the State of Indiana, the House of Representatives concurring:*

SECTION 1. That the Indiana General Assembly honors the life of Pope John Paul II.

SECTION 2. The Secretary of the Senate is hereby directed to transmit a copy of this Resolution to President George W. Bush and to the Secretary of State of the Vatican.

The resolution was read in full and adopted by standing vote. The Chair instructed the Secretary to inform the House of the passage of the resolution. House sponsors: Representatives Murphy and Bauer.

#### SENATE MOTION

Madam President: I move that Senators Alting, Antich-Carr,

Bowser, Bray, Breaux, Broden, Clark, Craycraft, Dillon, Ford, Gard, Garton, Heinold, Hershman, Howard, Hume, Jackman, Kenley, Kruse, Lanane, Landske, Lawson, Lewis, Long, Lubbers, Lutz, Meeks, Merritt, Miller, Mishler, Mrvan, Nugent, Paul, Riegsecker, Rogers, Server, Simpson, Sipes, Skinner, Smith, Steele, Waltz, Waterman, Weatherwax, Wyss, M. Young, R. Young, and Zakas be added as coauthors of Senate Concurrent Resolution 60.

DROZDA

Motion prevailed.

#### Senate Concurrent Resolution 58

Senate Concurrent Resolution 58, introduced by Senator Meeks:

A CONCURRENT RESOLUTION urging the establishment of an interim study committee on riverboat gaming issues.

*Be it resolved by the Senate of the General Assembly of the State of Indiana, the House of Representatives concurring:*

SECTION 1. That the legislative council is urged to establish an interim study committee to investigate issues related to Indiana's riverboat gaming industry.

SECTION 2. That the committee, if established, shall operate under the direction of the legislative council and shall issue a final report when directed to do so by the council.

The resolution was read in full and referred to the Committee on Rules and Legislative Procedure.

#### SENATE MOTION

Madam President: I move that the Motion to Concur on Engrossed Senate Bill 79, filed March 30, 2005, be withdrawn from further consideration by the Senate.

WYSS

Motion prevailed.

#### MOTIONS TO DISSENT FROM HOUSE AMENDMENTS

#### SENATE MOTION

Madam President: I move that the Senate do not concur with the House Amendments to Engrossed Senate Bill 590 and that a conference committee be appointed to confer with a like committee of the House.

RIEGSECKER

Motion prevailed.

#### SENATE MOTION

Madam President: I move that the Senate do not concur with the House Amendments to Engrossed Senate Bill 196 and that a conference committee be appointed to confer with a like committee of the House.

WYSS

Motion prevailed.

## SENATE MOTION

Madam President: I move that the Senate do not concur with the House Amendments to Engrossed Senate Bill 304 and that a conference committee be appointed to confer with a like committee of the House.

WYSS

Motion prevailed.

## SENATE MOTION

Madam President: I move that the Senate do not concur with the House Amendments to Engrossed Senate Bill 609 and that a conference committee be appointed to confer with a like committee of the House.

KENLEY

Motion prevailed.

## REPORTS FROM COMMITTEES

## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Engrossed House Bill 1120, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 1-1-4-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 7. A reference in the Indiana Code to controlled taxes means a tax or tax rate that is subject to the limitations imposed under IC 6-12. The term applies only to the following taxes:**

- (1) **Property taxes (other than a property tax that a statute specifically treats as excluded from the controlled tax limits computed under IC 6-12).**
- (2) **County income taxes imposed under IC 6-11 (other than a part of a county income tax imposed in a county that a statute specifically treats as excluded from the controlled tax limits computed under IC 6-12).**

SECTION 2. IC 4-4-11-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: **Sec. 15. (a)** The authority is granted all powers necessary or appropriate to carry out and effectuate its public and corporate purposes under this chapter, IC 4-4-21, and IC 15-7-5, including but not limited to the following:

- (1) Have perpetual succession as a body politic and corporate and an independent instrumentality exercising essential public functions.
- (2) Without complying with IC 4-22-2, adopt, amend, and repeal bylaws, rules, and regulations not inconsistent with this chapter, IC 4-4-21, and IC 15-7-5 and necessary or convenient to regulate its affairs and to carry into effect the powers,

- duties, and purposes of the authority and conduct its business.
- (3) Sue and be sued in its own name.
- (4) Have an official seal and alter it at will.
- (5) Maintain an office or offices at a place or places within the state as it may designate.
- (6) Make and execute contracts and all other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions under this chapter, IC 4-4-21, and IC 15-7-5.
- (7) Employ architects, engineers, attorneys, inspectors, accountants, agriculture experts, silviculture experts, aquaculture experts, and financial experts, and such other advisors, consultants, and agents as may be necessary in its judgment and to fix their compensation.
- (8) Procure insurance against any loss in connection with its property and other assets, including loans and loan notes in amounts and from insurers as it may consider advisable.
- (9) Borrow money, make guaranties, issue bonds, and otherwise incur indebtedness for any of the authority's purposes, and issue debentures, notes, or other evidences of indebtedness, whether secured or unsecured, to any person, as provided by this chapter, IC 4-4-21, and IC 15-7-5.
- (10) Procure insurance or guaranties from any public or private entities, including any department, agency, or instrumentality of the United States, for payment of any bonds issued by the authority or for reinsurance on amounts paid from the industrial development project guaranty fund, including the power to pay premiums on any insurance or reinsurance.
- (11) Purchase, receive, take by grant, gift, devise, bequest, or otherwise, and accept, from any source, aid or contributions of money, property, labor, or other things of value to be held, used, and applied to carry out the purposes of this chapter, IC 4-4-21, and IC 15-7-5, subject to the conditions upon which the grants or contributions are made, including but not limited to gifts or grants from any department, agency, or instrumentality of the United States, and lease or otherwise acquire, own, hold, improve, employ, use, and otherwise deal in and with real or personal property or any interest in real or personal property, wherever situated, for any purpose consistent with this chapter, IC 4-4-21, or IC 15-7-5.
- (12) Enter into agreements with any department, agency, or instrumentality of the United States or this state and with lenders and enter into loan agreements, sales contracts, and leases with contracting parties, including borrowers, lenders, developers, or users, for the purpose of planning, regulating, and providing for the financing and refinancing of any agricultural enterprise (as defined in IC 15-7-4.9-2), rural development project (as defined in IC 15-7-4.9-19.5), industrial development project, or international exports, and distribute data and information concerning the encouragement and improvement of agricultural enterprises and agricultural employment, rural development projects, industrial development projects, international exports, and other types of employment in the state undertaken with the assistance of the authority under this chapter.
- (13) Enter into contracts or agreements with lenders and lessors for the servicing and processing of loans and leases

pursuant to this chapter, IC 4-4-21, and IC 15-7-5.

(14) Provide technical assistance to local public bodies and to profit and nonprofit entities in the development or operation of agricultural enterprises, rural development projects, and industrial development projects.

(15) To the extent permitted under its contract with the holders of the bonds of the authority, consent to any modification with respect to the rate of interest, time, and payment of any installment of principal or interest, or any other term of any contract, loan, loan note, loan note commitment, contract, lease, or agreement of any kind to which the authority is a party.

(16) To the extent permitted under its contract with the holders of bonds of the authority, enter into contracts with any lender containing provisions enabling it to reduce the rental or carrying charges to persons unable to pay the regular schedule of charges when, by reason of other income or payment by any department, agency, or instrumentality of the United States of America or of this state, the reduction can be made without jeopardizing the economic stability of the agricultural enterprise, rural development project, or industrial development project being financed.

(17) Invest any funds not needed for immediate disbursement, including any funds held in reserve, in direct and general obligations of or obligations fully and unconditionally guaranteed by the United States, obligations issued by agencies of the United States, obligations of this state, or any obligations or securities which may from time to time be legally purchased by governmental subdivisions of this state pursuant to IC 5-13, or any obligations or securities which are permitted investments for bond proceeds or any construction, debt service, or reserve funds secured under the trust indenture or resolution pursuant to which bonds are issued.

(18) Collect fees and charges, as the authority determines to be reasonable, in connection with its loans, guarantees, advances, insurance, commitments, and servicing.

(19) Cooperate and exchange services, personnel, and information with any federal, state, or local government agency, or instrumentality of the United States or this state.

(20) Sell, at public or private sale, with or without public bidding, any loan or other obligation held by the authority.

(21) Enter into agreements concerning, and acquire, hold, and dispose by any lawful means, land or interests in land, building improvements, structures, personal property, franchises, patents, accounts receivable, loans, assignments, guarantees, and insurance needed for the purposes of this chapter, IC 4-4-21, or IC 15-7-5.

(22) Take assignments of accounts receivable, loans, guarantees, insurance, notes, mortgages, security agreements securing notes, and other forms of security, attach, seize, or take title by foreclosure or conveyance to any industrial development project when a guaranteed loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the industrial development project guaranty fund, and sell, or on a temporary basis, lease, or rent such industrial development project for any use.

(23) Expend money, as the authority considers appropriate, from the industrial development project guaranty fund created by section 16 of this chapter.

(24) Purchase, lease as lessee, construct, remodel, rebuild, enlarge, or substantially improve industrial development projects, including land, machinery, equipment, or any combination thereof.

(25) Lease industrial development projects to users or developers, with or without an option to purchase.

(26) Sell industrial development projects to users or developers, for consideration to be paid in installments or otherwise.

(27) Make direct loans from the proceeds of the bonds to users or developers for:

(A) the cost of acquisition, construction, or installation of industrial development projects, including land, machinery, equipment, or any combination thereof; or

(B) eligible expenditures for an educational facility project described in IC 4-4-10.9-6.2(a)(2);

with the loans to be secured by the pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt obligations of the users or developers.

(28) Lend or deposit the proceeds of bonds to or with a lender for the purpose of furnishing funds to such lender to be used for making a loan to a developer or user for the financing of industrial development projects under this chapter.

(29) Enter into agreements with users or developers to allow the users or developers, directly or as agents for the authority, to wholly or partially construct industrial development projects to be leased from or to be acquired by the authority.

(30) Establish reserves from the proceeds of the sale of bonds, other funds, or both, in the amount determined to be necessary by the authority to secure the payment of the principal and interest on the bonds.

(31) Adopt rules governing its activities authorized under this chapter, IC 4-4-21, and IC 15-7-5.

(32) Use the proceeds of bonds to make guaranteed participating loans.

(33) Purchase, discount, sell, and negotiate, with or without guaranty, notes and other evidences of indebtedness.

(34) Sell and guarantee securities.

(35) Make guaranteed participating loans under IC 4-4-21-26.

(36) Procure insurance to guarantee, insure, coinsure, and reinsure against political and commercial risk of loss, and any other insurance the authority considers necessary, including insurance to secure the payment of principal and interest on notes or other obligations of the authority.

(37) Provide performance bond guarantees to support eligible export loan transactions, subject to the terms of this chapter or IC 4-4-21.

(38) Provide financial counseling services to Indiana exporters.

(39) Accept gifts, grants, or loans from, and enter into contracts or other transactions with, any federal or state agency, municipality, private organization, or other source.

(40) Sell, convey, lease, exchange, transfer, or otherwise dispose of property or any interest in property, wherever the property is located.

(41) Cooperate with other public and private organizations to promote export trade activities in Indiana.

(42) Make guarantees and administer the agricultural loan and rural development project guarantee fund established by IC 15-7-5.

(43) Take assignments of notes and mortgages and security agreements securing notes and other forms of security, and attach, seize, or take title by foreclosure or conveyance to any agricultural enterprise or rural development project when a guaranteed loan to the enterprise or rural development project is clearly in default and when in the opinion of the authority the acquisition is necessary to safeguard the agricultural loan and rural development project guarantee fund, and sell, or on a temporary basis, lease or rent the agricultural enterprise or rural development project for any use.

(44) Expend money, as the authority considers appropriate, from the agricultural loan and rural development project guarantee fund created by IC 15-7-5-19.5.

(45) Reimburse from bond proceeds expenditures for industrial development projects under this chapter.

(46) Do any act necessary or convenient to the exercise of the powers granted by this chapter, IC 4-4-21, or IC 15-7-5, or reasonably implied from those statutes, including but not limited to compliance with requirements of federal law imposed from time to time for the issuance of bonds.

**(47) Issue bonds under terms and conditions determined by the authority and use the proceeds of the bonds to acquire obligations issued by any entity authorized to acquire, finance, construct, or lease capital improvements under IC 5-1-17.**

(b) The authority's powers under this chapter shall be interpreted broadly to effectuate the purposes of this chapter and may not be construed as a limitation of powers.

(c) This chapter does not authorize the financing of industrial development projects for a developer unless any written agreement that may exist between the developer and the user at the time of the bond resolution is fully disclosed to and approved by the authority.

SECTION 3. IC 4-4-30-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. The center for coal technology research is established to perform the following duties:

(1) Develop technologies that can use Indiana coal in an environmentally and economically sound manner.

(2) Investigate the reuse of clean coal technology byproducts, including fly ash.

(3) Generate innovative research in the field of coal use.

(4) Develop new, efficient, and economical sorbents for effective control of emissions.

(5) Investigate ways to increase coal combustion efficiency.

(6) Develop materials that withstand higher combustion temperatures.

(7) Carry out any other matter concerning coal technology research, including public education, as determined by the center.

(8) Administer the Indiana coal research grant fund under IC 4-23-5.5-16.

**(9) Determine whether a building is a qualified building for purposes of a property tax deduction under**

#### **IC 6-1.1-12-34.5.**

SECTION 4. IC 4-13-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. The department shall, subject to this chapter, do the following:

(1) Execute and administer all appropriations as provided by law, and execute and administer all provisions of law that impose duties and functions upon the executive department of government, including executive investigation of state agencies supported by appropriations and the assembly of all required data and information for the use of the executive department and the legislative department.

(2) Supervise and regulate the making of contracts by state agencies.

(3) Perform the property management functions required by IC 4-20.5-6.

(4) Assign office space and storage space for state agencies in the manner provided by IC 4-20.5-5.

(5) Maintain and operate the following for state agencies:

(A) Central duplicating.

(B) Printing.

(C) Machine tabulating.

(D) Mailing services.

(E) Centrally available supplemental personnel and other essential supporting services.

(F) Information services.

(G) Telecommunication services.

The department may require state agencies to use these general services in the interests of economy and efficiency. The general services rotary fund, the telephone rotary fund, and the data processing rotary fund are established through which these services may be rendered to state agencies. The budget agency shall determine the amount for each rotary fund.

(6) Control and supervise the acquisition, operation, maintenance, and replacement of state owned vehicles by all state agencies. The department may establish and operate, in the interest of economy and efficiency, a motor vehicle pool, and may finance the pool by a rotary fund. The budget agency shall determine the amount to be deposited in the rotary fund.

(7) Promulgate and enforce rules relative to the travel of officers and employees of all state agencies when engaged in the performance of state business. These rules may allow reimbursement for travel expenses by any of the following methods:

(A) Per diem.

(B) For expenses necessarily and actually incurred.

(C) Any combination of the methods in clauses (A) and (B).

The rules must require the approval of the travel by the commissioner and the head of the officer's or employee's department prior to payment.

(8) Administer IC 4-13.6.

(9) Prescribe the amount and form of certified checks, deposits, or bonds to be submitted in connection with bids and contracts when not otherwise provided for by law.

(10) Rent out, with the approval of the governor, any state property, real or personal:

(A) not needed for public use; or

(B) for the purpose of providing services to the state or employees of the state;

the rental of which is not otherwise provided for or prohibited by law. Property may not be rented out under this subdivision for a term exceeding ten (10) years at a time. However, if property is rented out for a term of more than four (4) years, the commissioner must make a written determination stating the reasons that it is in the best interests of the state to rent property for the longer term. This subdivision does not include the power to grant or issue permits or leases to explore for or take coal, sand, gravel, stone, gas, oil, or other minerals or substances from or under the bed of any of the navigable waters of the state or other lands owned by the state.

(11) Have charge of all central storerooms, supply rooms, and warehouses established and operated by the state and serving more than one (1) agency.

(12) Enter into contracts and issue orders for printing as provided by IC 4-13-4.1.

(13) Sell or dispose of surplus property under IC 5-22-22, or if advantageous, to exchange or trade in the surplus property toward the purchase of other supplies, materials, or equipment, and to make proper adjustments in the accounts and inventory pertaining to the state agencies concerned.

(14) With respect to power, heating, and lighting plants owned, operated, or maintained by any state agency:

(A) inspect;

(B) regulate their operation; and

(C) recommend improvements to those plants to promote economical and efficient operation.

(15) Administer, determine salaries, and determine other personnel matters of the department of correction ombudsman bureau established by IC 4-13-1.2-3.

**(16) Adopt policies and standards for making state owned property reasonably available to be used free of charge as locations for making motion pictures.**

SECTION 5. IC 4-33-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) A riverboat that operates in a county described in IC 4-33-1-1(1) or IC 4-33-1-1(2) must:

(1) have **either**:

(A) a valid certificate of inspection from the United States Coast Guard for the carrying of at least five hundred (500) passengers; or

**(B) a valid certificate of compliance issued by the commission that the riverboat complies with recognized marine structural and life safety standards adopted by the commission; and**

(2) be at least one hundred fifty (150) feet in length.

(b) This subsection applies only to a riverboat that operates on the Ohio River. A riverboat must replicate, as nearly as possible, historic Indiana steamboat passenger vessels of the nineteenth century. However, steam propulsion or overnight lodging facilities are not required under this subsection.

SECTION 6. IC 4-33-12-6, AS AMENDED BY P.L.4-2005, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this

chapter.

(b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following **annual** amounts:

~~(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:~~

~~(A) the city in which the riverboat is docked; if the city:~~

~~(i) is located in a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); or~~

~~(ii) is contiguous to the Ohio River and is the largest city in the county; and~~

~~(B) the county in which the riverboat is docked; if the riverboat is not docked in a city described in clause (A):~~

~~(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:~~

~~(A) embarking on a gambling excursion during the quarter; or~~

~~(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;~~

~~shall be paid to the county in which the riverboat is docked: In the case of a county described in subdivision (1)(B); this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B):~~

**(1) To Dearborn County, East Chicago, Evansville, Gary, Hammond, Harrison County, Lake County, LaPorte County, Lawrenceburg, Michigan City, Ohio County, Rising Sun, Switzerland County, and Vanderburgh County, a quarterly distribution based on an annual amount equal to the lesser of:**

**(A) the amount distributed to the political subdivision for the state fiscal year ending June 30, 2002, as determined by the treasurer of state; or**

**(B) the amount determined under subdivision (2).**

**(2) Determine the greater of the following annual amounts for each political subdivision referred to in subdivision (1):**

**(A) Two million dollars (\$2,000,000).**

**(B) Twenty percent (20%) of the political subdivision's most recent maximum permissible ad valorem property tax levy.**

~~(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:~~

~~(A) embarking on a gambling excursion during the quarter; or~~

~~(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;~~

**The base year revenue shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.**

~~(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each~~

person:

- (A) ~~embarking on a gambling excursion during the quarter;~~
- or
- (B) ~~admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;~~

The base year revenue shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) ~~Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:~~

- (A) ~~embarking on a gambling excursion during the quarter;~~
- or
- (B) ~~admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;~~

The base year revenue shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) ~~Except as provided in subsection (k), sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21~~ The base year revenue shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

- (A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.
- (B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following amounts:

(1) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

- (A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

- (i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).
- (ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

- (A) is located in the county in which the riverboat docks; and
- (B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(5) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

- (A) Job creation and retention.
- (B) Infrastructure, including water, wastewater, and storm water infrastructure needs.
- (C) Housing.

- (D) Workforce training.
- (E) Health care.
- (F) Local planning.
- (G) Land use.
- (H) Assistance to regional economic development groups.
- (I) Other regional development issues as determined by the Indiana economic development corporation.

(d) With respect to tax revenue collected from a riverboat that operates from a **Lake County, having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000)**, the treasurer of state shall quarterly pay the following **annual** amounts:

~~(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:~~

~~(A) embarking on a gambling excursion during the quarter; or~~

~~(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;~~

~~shall be paid to the city in which the riverboat is docked.~~

~~(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:~~

~~(A) embarking on a gambling excursion during the quarter; or~~

~~(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;~~

~~shall be paid to the county in which the riverboat is docked.~~

~~(3) (1) Except as provided in subsection (k), nine cents (\$0.09) of the admissions tax collected by the licensed owner for each person:~~

~~(A) embarking on a gambling excursion during the quarter; or~~

~~(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;~~

**The base year revenue** shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

~~(4) (2) Except as provided in subsection (k), one cent (\$0.01) of the admissions tax collected by the licensed owner for each person:~~

~~(A) embarking on a gambling excursion during the quarter; or~~

~~(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;~~

**The base year revenue** shall be paid to the northwest Indiana law enforcement training center.

~~(5) (3) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:~~

~~(A) embarking on a gambling excursion during the quarter; or~~

~~(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;~~

**The base year revenue** shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

~~(6) (4) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:~~

~~(A) embarking on a gambling excursion during the quarter; or~~

~~(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;~~

**The base year revenue** shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

~~(7) (5) Except as provided in subsection (k), sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; The base year revenue~~ shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), **or** (c)(1) through (c)(2): ~~or (d)(1) through (d)(2):~~

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) ~~or (d)(3)~~ **(d)(1)** shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or  
(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(g) Money received by the division of mental health and addiction under subsections (b)(5) and ~~(d)(6)~~ **(d)(4)**:

(1) is annually appropriated to the division of mental health and addiction;



(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to ~~the following~~:

~~(1) Each entity receiving money under subsection (b);~~

~~(2) Each entity receiving money under subsection (d)(1) through (d)(2);~~

~~(3) each entity receiving money under subsection (d)(5) (d)(3) through (d)(7); (d)(5).~~ The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection ~~(d)(3) (d)(1) or (d)(4); (d)(2).~~ The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection ~~(d)(3) (d)(1)~~ during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection ~~(d)(3); (d)(1).~~ The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection ~~(d)(4); (d)(2).~~ The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity ~~under this section~~ during a state fiscal year ~~may not exceed~~ is the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity ~~under this section covered by subsection (h) or (i)~~ during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity ~~under IC 4-33-13-5(g); using wagering tax revenue under IC 4-33-13 if necessary.~~

(k) This subsection does not apply to an entity receiving money under subsection (c). For ~~each~~ state fiscal years beginning after ~~June 30, 2002, year,~~ the treasurer of state shall pay that part of the riverboat admissions taxes that

~~(1) exceed a particular entity's base year revenue; and~~

~~(2) would~~

~~are not otherwise be due paid to the an entity under this section to the property tax replacement fund. instead of to the entity.~~

SECTION 7. IC 4-33-13-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating

agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) The first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter **during a state fiscal year** shall be set aside for revenue sharing under subsection ~~(c); (d).~~

~~(2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:~~

~~(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected; in the case of:~~

~~(i) a city described in IC 4-33-12-6(b)(1)(A); or~~

~~(ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or~~

~~(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected; in the case of a riverboat whose home dock is not in a city described in clause (A).~~

**(2) To East Chicago, Evansville, Gary, Hammond, Harrison County, Lawrenceburg, Michigan City, Rising Sun, and Switzerland County, a monthly distribution based on an annual amount equal to the lesser of:**

**(A) the amount distributed to the political subdivision for the state fiscal year ending June 30, 2002, as determined by the treasurer of state; or**

**(B) the amount determined under subdivision (3).**

**(3) Determine for each political subdivision referred to in subdivision (2), the difference of the following annual amounts:**

**(A) The greater of:**

**(i) two million dollars (\$2,000,000); or**

**(ii) twenty percent (20%) of the political subdivision's most recent maximum permissible ad valorem property tax levy; minus**

**(B) the amount paid by a licensed operator under a separate agreement between the political subdivision and the licensed operator in the immediately preceding state fiscal year, to the extent the amount paid exceeds the amount paid by a licensed operator in the state fiscal year ending June 30, 2005.**

~~(3) (4) Subject to subsection (d); (c), the remainder of the tax revenue remitted by each licensed owner shall be paid to the property tax replacement fund. In each state fiscal year, beginning after June 30, 2003, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the property tax replacement fund in the immediately following month.~~

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each

month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter as follows:

- (1) Thirty-seven and one half percent (37.5%) shall be paid to the property tax replacement fund established under IC 6-1.1-21.
- (2) Thirty-seven and one-half percent (37.5%) shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars (\$20,000,000), the amount described in this subdivision shall be paid to the property tax replacement fund established under IC 6-1.1-21.
- (3) Five percent (5%) shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.
- (4) Ten percent (10%) shall be paid in equal amounts to each town that:

- (A) is located in the county in which the riverboat docks; and
- (B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

- (5) Ten percent (10%) shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

- (i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county

having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

- (ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

~~(c) For each city and county receiving money under subsection (a)(2)(A) or (a)(2)(C), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat wagering taxes that:~~

- ~~(1) exceeds a particular city or county's base year revenue; and~~
- ~~(2) would otherwise be due to the city or county under this section;~~

~~to the property tax replacement fund instead of to the city or county.~~

~~(d) (c) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the property tax replacement fund under subsection (a)(3) (a)(4) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars (\$250,000,000):~~

- ~~(1) Surplus lottery revenues under IC 4-30-17-3.~~
- ~~(2) Surplus revenue from the charity gaming enforcement fund under IC 4-32-10-6.~~
- ~~(3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.~~

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the property tax replacement fund under subsection ~~(a)(3)~~ **(a)(4)** to comply with this subsection, the treasurer of state shall reduce the amount transferred to the build Indiana fund to the amount available in the property tax replacement fund from the transfers under subsection ~~(a)(3)~~ **(a)(4)** for the state fiscal year.

~~(e) (d) Before August 15 of 2003 and each year, thereafter, the treasurer of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection ~~(h)~~ **(f)**, the county auditor shall distribute the money received by the county under this subsection as follows:~~

- ~~(1) To each city located in the county according to the ratio the city's population bears to the total population of the county.~~
- ~~(2) To each town located in the county according to the ratio the town's population bears to the total population of the county.~~
- ~~(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.~~

(f) (e) Money received by a city, town, or county under subsection (e) (d) or (h) (f) may be used for any of the following purposes:

- (1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5);
- (2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for additional credits for property tax replacement in property tax increment allocation areas or debt repayment.
- (3) To fund sewer and water projects, including storm water management projects.
- (4) For police and fire pensions.
- (5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) This subsection does not apply to an entity receiving money under IC 4-33-12-6(c). Before September 15 of 2003 and each year thereafter, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year was less than the entity's base year revenue (as determined under IC 4-33-12-6), the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the property tax replacement fund. The amount of the supplemental distribution is equal to the difference between the entity's base year revenue (as determined under IC 4-33-12-6) and the total amount of money distributed to the entity during the preceding state fiscal year under IC 4-33-12-6.

(h) (f) This subsection applies only to a county containing a consolidated city. The county auditor shall distribute the money received by the county under subsection (d) (c) as follows:

- (1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.
- (2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.
- (3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

SECTION 8. IC 5-1-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]:

#### **Chapter 17. Indiana Stadium and Convention Building Authority**

**Sec. 1.** As used in this chapter, "authority" refers to the Indiana stadium and convention building authority created by this chapter.

**Sec. 2.** As used in this chapter, "board" refers to the board of directors of the authority.

**Sec. 3.** As used in this chapter, "bonds" means bonds, notes, commercial paper, or other evidences of indebtedness. The term includes obligations (as defined in IC 8-9.5-9-3) and swap agreements (as defined in IC 8-9.5-9-4).

**Sec. 4.** As used in this chapter, "capital improvement board" refers to a capital improvement board of managers created by IC 36-10-8 or IC 36-10-9.

**Sec. 5.** As used in this chapter, "state agency" has the meaning set forth in IC 4-13.5-1-1.

**Sec. 6.** An Indiana stadium and convention building authority is created in the state as a separate body corporate and politic as an instrumentality of the state to acquire, construct, equip, own, lease, and finance facilities for lease to or for the benefit of a capital improvement board.

**Sec. 7. (a)** The board is composed of the following seven (7) members, who must be residents of the state:

- (1) Two (2) members appointed by the governor.
- (2) One (1) member appointed by the president pro tempore of the senate.
- (3) One (1) member appointed by the speaker of the house of representatives.
- (4) Two (2) members appointed by the executive of a county having a consolidated first class city.
- (5) One (1) member appointed by the county fiscal body of a county that is contiguous to a county having a consolidated city, determined as follows:

(A) The member appointed for the initial term shall be appointed by the contiguous county that has the largest population of all the contiguous counties that have adopted an ordinance to impose a food and beverage tax under IC 6-9-35.

(B) The member appointed for each successive term shall be appointed by the contiguous county that:

- (i) contributed the most revenues from the tax imposed by IC 6-9-35 to the capital improvement board of managers created by IC 36-10-9-3 in the immediately previous calendar year; and
- (ii) has not previously made an appointment to the board or, if all the contributing counties have previously made such an appointment, is the one whose then most recent appointment occurred before those of all the other contributing counties.

(b) A member appointed under subsection (a)(1) through (a)(4) is entitled to serve a three (3) year term. A member appointed under subsection (a)(5) is entitled to serve a one (1) year term. A member may be reappointed to subsequent terms.

(c) If a vacancy occurs on the board, the person or body who made the appointment of the vacated member shall fill the vacancy by appointing a new member for the remainder of the vacated term.

(d) A member may be removed for cause by the appointing authority that appointed the member.

(e) Each member, before entering upon the duties of office, must take and subscribe an oath of office under IC 5-4-1, which shall be endorsed upon the certificate of appointment and filed with the records of the board.

**Sec. 8. (a)** The board shall hold an initial organizational meeting on or before June 30, 2005. Immediately after January

15 of each year, the board shall hold its annual organizational meeting.

(b) The governor shall appoint a member of the board to serve as chair of the board.

(c) The board shall elect one (1) of the members vice chair and another secretary-treasurer to perform the duties of those offices. These officers serve from the date of their election and until their successors are elected and qualified. The board may elect an assistant secretary-treasurer.

(d) Special meetings may be called by the chair of the board or any three (3) members of the board.

(e) A majority of the members constitutes a quorum, and the concurrence of a majority of the members is necessary to authorize any action.

Sec. 9. The board may adopt the bylaws and rules it considers necessary for the proper conduct of its duties and the safeguarding of the funds and property entrusted to its care.

Sec. 10. The authority is organized for the following purposes:

(1) Acquiring, financing, constructing, and leasing land and capital improvements to or for the benefit of a capital improvement board.

(2) Financing and constructing additional improvements to capital improvements owned by the authority and leasing them to or for the benefit of a capital improvement board.

(3) Acquiring land or all or a portion of one (1) or more capital improvements from a capital improvement board by purchase or lease and leasing the land or these capital improvements back to the capital improvement board, with any additional improvements that may be made to them.

(4) Acquiring all or a portion of one (1) or more capital improvements from a capital improvement board by purchase or lease to fund or refund indebtedness incurred on account of those capital improvements to enable the capital improvement board to make a savings in debt service obligations or lease rental obligations or to obtain relief from covenants that the capital improvement board considers to be unduly burdensome.

Sec. 11. The authority may also:

(1) finance, improve, construct, reconstruct, renovate, purchase, lease, acquire, and equip land and capital improvements;

(2) lease the land or those capital improvements to a capital improvement board;

(3) sue, be sued, plead, and be impleaded;

(4) condemn, appropriate, lease, rent, purchase, and hold any real or personal property needed or considered useful in connection with capital improvements;

(5) acquire real or personal property by gift, devise, or bequest and hold, use, or dispose of that property for the purposes authorized by this chapter;

(6) after giving notice, enter upon any lots or lands for the purpose of surveying or examining them to determine the location of a capital improvement;

(7) design, order, contract for, and construct, reconstruct, and renovate any capital improvements or improvements

thereto;

(8) employ managers, superintendents, architects, engineers, attorneys, auditors, clerks, construction managers, and other employees;

(9) make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this chapter; and

(10) take any other action necessary to implement its purposes as set forth in section 10 of this chapter.

Sec. 12. (a) Bonds issued under IC 36-10-8 or IC 36-10-9 or prior law may be refunded as provided in this section.

(b) A capital improvement board may:

(1) lease all or a portion of land or a capital improvement or improvements to the authority, which may be at a nominal lease rental with a lease back to the capital improvement board, conditioned upon the authority assuming bonds issued under IC 36-10-8 or IC 36-10-9 or prior law and issuing its bonds to refund those bonds; and

(2) sell all or a portion of land or a capital improvement or improvements to the authority for a price sufficient to provide for the refunding of those bonds and lease back the land or capital improvement or improvements from the authority.

Sec. 13. (a) Before a lease may be entered into by a capital improvement board under this chapter, the capital improvement board must find that the lease rental provided for is fair and reasonable.

(b) A lease of land or capital improvements from the authority to a capital improvement board:

(1) may not have a term exceeding forty (40) years;

(2) may not require payment of lease rentals for a newly constructed capital improvement or for improvements to an existing capital improvement until the capital improvement or improvements thereto have been completed and are ready for occupancy;

(3) may contain provisions:

(A) allowing the capital improvement board to continue to operate an existing capital improvement until completion of the improvements, reconstruction, or renovation of that capital improvement or any other capital improvement; and

(B) requiring payment of lease rentals for land, for an existing capital improvement being used, reconstructed, or renovated, or for any other existing capital improvement;

(4) may contain an option to renew the lease for the same or shorter term on the conditions provided in the lease;

(5) must contain an option for the capital improvement board to purchase the capital improvement upon the terms stated in the lease during the term of the lease for a price equal to the amount required to pay all indebtedness incurred on account of the capital improvement, including indebtedness incurred for the refunding of that indebtedness;

(6) may be entered into before acquisition or construction of a capital improvement;

(7) must be approved by the executive of the county in which the capital improvement board is located;

(8) may provide that the capital improvement board shall agree to:

- (A) pay all taxes and assessments thereon;
- (B) maintain insurance thereon for the benefit of the authority;
- (C) assume responsibility for utilities, repairs, alterations, and any costs of operation; and
- (D) pay a deposit or series of deposits to the authority from any funds legally available to the capital improvement board before the commencement of the lease to secure the performance of the capital improvement board's obligations under the lease;

(9) subject to IC 36-10-8-13 and IC 36-10-9-11, may provide that the lease rental payments by the capital improvement board shall be made from:

- (A) proceeds of one (1) or more of the excise taxes as defined in IC 36-10-8 or IC 36-10-9;
- (B) proceeds of the county supplemental auto rental excise tax imposed pursuant to IC 6-6-9.7;
- (C) that portion of the proceeds of the county food and beverage tax imposed under IC 6-9-35, which the capital improvement board or its designee receives pursuant thereto;
- (D) revenue captured under IC 36-7-31;
- (E) net revenues of the capital improvement;
- (F) any other funds available to the capital improvement board; or
- (G) any combination of the sources described in clauses (A) through (F); and

(10) subject to IC 36-10-9-11, shall, with respect to a lease of a capital improvement, consisting, in whole or in part, of a stadium, to a capital improvement board created by IC 36-10-9, provide that the lease rental payments by the capital improvement board made in each calendar year shall include the aggregate of the revenues generated during the calendar year as a result of the use of the stadium by any person or entity during any event, other than an event involving the use of such stadium by a professional football team; provided that, the amount of the revenues to be used for rental payments in any calendar year shall not exceed the lesser of:

- (A) \$3,500,000; or
- (B) the lease rental payments due in the calendar year.

(c) A capital improvement board may designate the authority as its agent to receive on behalf of the capital improvement board any of the revenues identified in subsection (b)(9) and (b)(10).

(d) The authority may not enter into a lease with a capital improvement board until the capital improvement board has presented evidence in form satisfactory to the state budget director of all agreements between the capital improvement board and any prospective users of the capital improvement with respect to its use and occupancy, the payment of licenses, fees, expenses and any other payments to be made by the user in connection with the use of the capital improvement, or any other matter related thereto.

Sec. 14. This chapter contains full and complete authority for leases between the authority and a capital improvement board.

No law, procedure, proceedings, publications, notices, consents, approvals, orders, or acts by the board or the capital improvement board or any other officer, department, agency, or instrumentality of the state or any political subdivision is required to enter into any lease, except as prescribed in this chapter.

Sec. 15. If the lease provides for a capital improvement or improvements thereto to be constructed by the authority, the plans and specifications shall be submitted to and approved by all agencies designated by law to pass on plans and specifications for public buildings.

Sec. 16. The authority and a capital improvement board may enter into common wall (party wall) agreements or other agreements concerning easements or licenses. These agreements shall be recorded with the recorder of the county in which the capital improvement is located.

Sec. 17. (a) A capital improvement board may lease for a nominal lease rental, or sell to the authority, one (1) or more capital improvements or portions thereof or land upon which a capital improvement is located or is to be constructed.

(b) Any lease of all or a portion of a capital improvement by a capital improvement board to the authority must be for a term equal to the term of the lease of that capital improvement back to the capital improvement board.

(c) A capital improvement board may sell property to the authority for the amount it determines to be in the best interest of the capital improvement board. The authority may pay that amount from the proceeds of bonds of the authority.

Sec. 18. (a) Subject to subsection (h), the authority may issue bonds for the purpose of obtaining money to pay the cost of:

- (1) acquiring real or personal property, including existing capital improvements;
- (2) constructing, improving, reconstructing, or renovating one (1) or more capital improvements; or
- (3) funding or refunding bonds issued under IC 36-10-8 or IC 36-10-9 or prior law.

(b) The bonds are payable solely from the lease rentals from the lease of the capital improvements for which the bonds were issued, insurance proceeds, and any other funds pledged or available.

(c) The bonds shall be authorized by a resolution of the board.

(d) The terms and form of the bonds shall either be set out in the resolution or in a form of trust indenture approved by the resolution.

(e) The bonds shall mature within forty (40) years.

(f) The board shall sell the bonds at public or private sale upon the terms determined by the board.

(g) All money received from any bonds issued under this chapter shall be applied solely to the payment of the cost of the acquisition or construction, or both, of capital improvements, or the cost of refunding or refinancing outstanding bonds, for which the bonds are issued. The cost may include:

- (1) planning and development of the facility and all buildings, facilities, structures, and improvements related to it;
- (2) acquisition of a site and clearing and preparing the site for construction;

- (3) equipment, facilities, structures, and improvements that are necessary or desirable to make the capital improvement suitable for use and operations;
  - (4) architectural, engineering, consultant, and attorneys fees;
  - (5) incidental expenses in connection with the issuance and sale of bonds;
  - (6) reserves for principal and interest;
  - (7) interest during construction;
  - (8) financial advisory fees;
  - (9) insurance during construction;
  - (10) municipal bond insurance, debt service reserve insurance, letters of credit, or other credit enhancement; and
  - (11) in the case of refunding or refinancing, payment of the principal of, redemption premiums (in any) for, and interest on, the bonds being refunded or refinanced.
- (h) The authority may not issue bonds under this chapter unless the authority first finds that the following conditions are met:

(1) Each contract for the construction of a facility and all buildings, facilities, structures, and improvements related to that facility to be financed in whole or in part through the issuance of the bonds requires payment of the common construction wage required by IC 5-16-7.

(2) An agreement has been entered into with any professional football team that will use any facility financed through the issuance of the bonds that provides all the following:

(A) No transferable license will be sold to a third party that entitles the third party to purchase a season ticket to professional football games at the facility for a period greater than one (1) year.

(B) At least three thousand (3,000) tickets for professional football games held at the facility must be sold at a price of:

(i) twenty-five dollars (\$25) or less per seat, including that part of the admissions tax described in IC 6-9-13-2(b)(1), during the first ten (10) years of operation of the facility;

(ii) twenty-eight dollars (\$28) or less per seat, including that part of the admissions tax described in IC 6-9-13-2(b)(1), during the next ten (10) years of operation of the facility; and

(iii) thirty-one dollars (\$31) or less per seat, including that part of the admissions tax described in IC 6-9-13-2(b)(1), during the next ten (10) years of operation of the facility.

These tickets must be clearly designated as tickets that may not be resold for a price higher than the face value of the ticket. However, the tickets may be resold for the same price with the consent of the professional football team that uses the facility.

A person who sells a license described in subdivision (2)(A) or resells a ticket described in subdivision (2)(B) commits a Class A misdemeanor.

Sec. 19. This chapter contains full and complete authority for the issuance of bonds. No law, procedure, proceedings,

publications, notices, consents, approvals, orders, or acts by the board or any other officer, department, agency, or instrumentality of the state or of any political subdivision is required to issue any bonds, except as prescribed in this chapter.

Sec. 20. Bonds issued under this chapter are legal investments for private trust funds and the funds of banks, trust companies, insurance companies, building and loan associations, credit unions, banks of discount and deposit, savings banks, loan and trust and safe deposit companies, rural loan and savings associations, guaranty loan and savings associations, mortgage guaranty companies, small loan companies, industrial loan and investment companies, and other financial institutions organized under Indiana law.

Sec. 21. (a) The authority may secure bonds issued under this chapter by a trust indenture between the authority and a corporate trustee, which may be any trust company or national or state bank within Indiana that has trust powers.

(b) The trust indenture may:

(1) pledge or assign lease rentals, receipts, and income from leased capital improvements, but may not mortgage land or capital improvements;

(2) contain reasonable and proper provisions for protecting and enforcing the rights and remedies of the bondholders, including covenants setting forth the duties of the authority and board;

(3) set forth the rights and remedies of bondholders and trustee; and

(4) restrict the individual right of action of bondholders.

(c) Any pledge or assignment made by the authority under this section is valid and binding from the time that the pledge or assignment is made, against all persons whether they have notice of the lien or not. Any trust indenture by which a pledge is created or an assignment made need not be filed or recorded. The lien is perfected against third parties by filing the trust indenture in the records of the board.

Sec. 22. If a capital improvement board exercises its option to purchase leased property, it may issue its bonds as authorized by statute.

Sec. 23. All:

(1) property owned by the authority;

(2) revenues of the authority; and

(3) bonds issued by the authority, the interest on the bonds, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of interest in proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a state inheritance tax imposed under IC 6-4.1.

Sec. 24. Any action to contest the validity of bonds to be issued under this chapter may not be brought after the fifteenth day following:

(1) the receipt of bids for the bonds, if the bonds are sold at public sale; or

(2) the publication one (1) time in a newspaper of general circulation published in the county of notice of the

execution and delivery of the contract for the sale of bonds;  
whichever occurs first.

Sec. 25. The authority shall not issue bonds in a principal amount exceeding five hundred million dollars (\$500,000,000) to finance any capital improvement in a county having a consolidated first class city unless:

- (1) on or before June 30, 2005, the county fiscal body:
  - (A) increases the rate of the tax authorized by IC 6-6-9.7 by the maximum amount authorized by IC 6-6-9.7-7(c);
  - (B) increases the rate of the tax authorized by IC 6-9-8 by the maximum amount authorized by IC 6-9-8-3(d);
  - (C) increases the rate of tax authorized by IC 6-9-12 by the maximum amount authorized by IC 6-9-12-5(b); and
  - (D) increases the rate of the tax authorized by IC 6-9-13 by the maximum amount authorized by IC 6-9-13-2(b); and
- (2) on or before July 31, 2005, the budget director makes a determination under IC 36-7-31-14.1 to increase the amount of money captured in a tax area established under IC 36-7-31 by up to eleven million dollars (\$11,000,000) per year, commencing July 1, 2007.

Sec. 26. (a) Notwithstanding any other law, any capital improvement that may be leased by the authority to a capital improvement board under this chapter may also be leased by the authority to any state agency. Any lease between the authority and a state agency under this chapter:

- (1) must set forth the terms and conditions of the use and occupancy under the lease;
- (2) must set forth the amounts agreed to be paid at stated intervals for the use and occupancy under the lease;
- (3) must provide that the state agency is not obligated to continue to pay for the use and occupancy under the lease but is instead required to vacate the facility if it is shown that the terms and conditions of the use and occupancy and the amount to be paid for the use and occupancy are unjust and unreasonable considering the value of the services and facilities thereby afforded;
- (4) must provide that the state agency is required to vacate the facility if funds have not been appropriated or are not available to pay any sum agreed to be paid for use and occupancy when due;
- (5) may provide for such costs as maintenance, operations, taxes, and insurance to be paid by the state agency;
- (6) may contain an option to renew the lease;
- (7) may contain an option to purchase the facility for an amount equal to the amount required to pay the principal and interest of indebtedness of the authority incurred on account of the facility and expenses of the authority attributable to the facility;
- (8) may provide for payment of sums for use and occupancy of an existing capital improvement being used by the state agency, but may not provide for payment of sums for use and occupancy of a new capital improvement until the construction of the capital improvement or portion thereof has been completed and the new capital

improvement or a portion thereof is available for use and occupancy by the state agency; and

(9) may contain any other provisions agreeable to the authority and the state agency.

(b) Any state agency that leases a capital improvement from the authority under this chapter may sublease the capital improvement to a capital improvement board under the terms and conditions set forth in section 13 of this chapter.

(c) Notwithstanding any other law, in anticipation of the construction of any capital improvement and the lease of that capital improvement by the authority to a state agency, the authority may acquire an existing facility owned by the state agency and then lease the facility to the state agency. A lease made under this subsection shall describe the capital improvement to be constructed and may provide for the payment of rent by the state agency for the use of the existing facility. If such rent is to be paid pursuant to the lease, the lease shall provide that upon completion of the construction of the capital improvement, the capital improvement shall be substituted for the existing facility under the lease. The rent required to be paid by the state agency pursuant to the lease shall not constitute a debt of the state for purposes of the Constitution of the State of Indiana. A lease entered into under this subsection is subject to the same requirements for a lease entered into under subsection (a) with respect to both the existing facility and the capital improvement anticipated to be constructed.

(d) This chapter contains full and complete authority for leases between the authority and a state agency and subleases between a state agency and a capital improvement board. No law, procedure, proceedings, publications, notices, consents, approvals, orders, or acts by the board, the governing body of any state agency or the capital improvement board or any other officer, department, agency, or instrumentality of the state or any political subdivision is required to enter into any such lease or sublease, except as prescribed in this chapter.

Sec. 27. In order to enable the authority to lease a capital improvement or existing facility to a state agency under section 26 of this chapter, the governor may convey, transfer, or sell, with or without consideration, real property (including the buildings, structures, and improvements), title to which is held in the name of the state, to the authority, without being required to advertise or solicit bids or proposals, in order to accomplish the governmental purposes of this chapter.

Sec. 28. If the authority enters into a lease with a capital improvement board under section 13 of this chapter or a state agency under section 26 of this chapter, which then enters into a sublease with a capital improvement board under section 26(b) of this chapter, and the rental payments owed by the capital improvement board to the authority under the lease or to the state agency under the sublease are payable from the taxes described in section 25 of this chapter or from the taxes authorized under IC 6-9-35, the state budget director may choose the designee of the capital improvement board, which shall receive and deposit the revenues derived from such taxes. The designee shall hold the revenues on behalf of the capital improvement board pursuant to an agreement between the authority and the capital improvement board or between a state

agency and the capital improvement board. The agreement shall provide for the application of the revenues in a manner that does not adversely affect the validity of the lease or the sublease, as applicable. The designee must be a trust company or national or state bank within Indiana that has trust powers.

SECTION 9. IC 5-28-15-3, AS ADDED BY P.L.4-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3. As used in this chapter, "zone business" means an entity that accesses at least one (1) tax credit, **deduction**, or exemption incentive available under this chapter, IC 6-1.1-20.8, ~~or IC 6-1.1-45~~, IC 6-3-3-10, **IC 6-3.1-7, or IC 6-3.1-10.**

SECTION 10. IC 5-28-15-5, AS ADDED BY P.L.4-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) The board has the following powers, in addition to other powers that are contained in this chapter:

- (1) To review and approve or reject all applicants for enterprise zone designation, according to the criteria for designation that this chapter provides.
- (2) To waive or modify rules as provided in this chapter.
- (3) To provide a procedure by which enterprise zones may be monitored and evaluated on an annual basis.
- (4) To adopt rules for the disqualification of a zone business from eligibility for any or all incentives available to zone businesses, if that zone business does not do one (1) of the following:
  - (A) If all its incentives, as contained in the summary required under section 7 of this chapter, exceed one thousand dollars (\$1,000) in any year, pay a registration fee to the board in an amount equal to one percent (1%) of all its incentives.
  - (B) Use all its incentives, except for the amount of the registration fee, for its property or employees in the zone.
  - (C) Remain open and operating as a zone business for twelve (12) months of the assessment year for which the incentive is claimed.
- (5) To disqualify a zone business from eligibility for any or all incentives available to zone businesses in accordance with the procedures set forth in the board's rules.
- (6) After a recommendation from a U.E.A., to modify an enterprise zone boundary if the board determines that the modification:
  - (A) is in the best interests of the zone; and
  - (B) meets the threshold criteria and factors set forth in section 9 of this chapter.
- (7) To employ staff and contract for services.
- (8) To receive funds from any source and expend the funds for the administration and promotion of the enterprise zone program.
- (9) To make determinations under IC 6-3.1-11 concerning the designation of locations as industrial recovery sites and the availability of the credit provided by IC 6-1.1-20.7 to persons owning inventory located on an industrial recovery site.
- (10) To make determinations under IC 6-1.1-20.7 and IC 6-3.1-11 concerning the disqualification of persons from claiming credits provided by those chapters in appropriate cases.

(11) To make determinations under IC 6-3.1-11.5 concerning the designation of locations as military base recovery sites and the availability of the credit provided by IC 6-3.1-11.5 to persons making qualified investments in military base recovery sites.

(12) To make determinations under IC 6-3.1-11.5 concerning the disqualification of persons from claiming the credit provided by IC 6-3.1-11.5 in appropriate cases.

(b) In addition to a registration fee paid under subsection (a)(4)(A), each zone business that receives ~~a credit under an incentive described in section 3~~ of this chapter shall assist the zone U.E.A. in an amount determined by the legislative body of the municipality in which the zone is located. If a zone business does not assist a U.E.A., the legislative body of the municipality in which the zone is located may pass an ordinance disqualifying a zone business from eligibility for all credits or incentives available to zone businesses. If a legislative body disqualifies a zone business under this subsection, the legislative body shall notify the board, the department of local government finance, and the department of state revenue in writing not more than thirty (30) days after the passage of the ordinance disqualifying the zone business. Disqualification of a zone business under this section is effective beginning with the taxable year in which the ordinance disqualifying the zone business is adopted.

SECTION 11. IC 5-28-15-6, AS ADDED BY P.L.4-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The enterprise zone fund is established within the state treasury.

(b) The fund consists of:

- (1) the revenue from the registration fee required under section 5 of this chapter; and
- (2) appropriations from the general assembly.

(c) The corporation shall administer the fund. The fund may be used to:

- (1) pay the expenses of administering the fund;
- (2) pay nonrecurring administrative expenses of the enterprise zone program; ~~and~~
- (3) provide grants to U.E.A.s for brownfield remediation in enterprise zones; ~~and~~
- (4) pay administrative expenses of urban enterprise associations.**

However, money in the fund may not be expended unless it has been appropriated by the general assembly and allotted by the budget agency.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the state general fund.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund. The corporation shall develop appropriate applications and may develop grant allocation guidelines, without complying with IC 4-22-2, for awarding grants under this subsection. The grant allocation guidelines must take into consideration the competitive impact of brownfield redevelopment plans on existing zone businesses.

SECTION 12. IC 6-1.1-12-34.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 34.5. (a) As used in this**



section, "coal combustion product" has the meaning set forth in IC 6-1.1-44-1.

(b) As used in this section, "qualified building" means a building designed and constructed to systematically use qualified materials throughout the building.

(c) For purposes of this section, building materials are "qualified materials" if at least sixty percent (60%) of the materials' dry weight consists of coal combustion products.

(d) The owner of a qualified building, as determined by the center for coal technology research, is entitled to a property tax deduction for not more than three (3) years. The amount of the deduction equals the product of:

(1) the assessed value of the qualified building; multiplied by

(2) five percent (5%).

SECTION 13. IC 6-1.1-12-35.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 35.5. (a) Except as provided in section 36 of this chapter, a person who desires to claim the deduction provided by section 31, 33, ~~or 34~~, **or 34.5** of this chapter must file a certified statement in duplicate, on forms prescribed by the department of local government finance, and proof of certification under subsection (b) **or (f)** with the auditor of the county in which the property for which the deduction is claimed is subject to assessment. Except as provided in subsection (e), with respect to property that is not assessed under IC 6-1.1-7, the person must file the statement between March 1 and May 10, inclusive, of the assessment year. The person must file the statement in each year for which he desires to obtain the deduction. With respect to a property which is assessed under IC 6-1.1-7, the person must file the statement between January 15 and March 31, inclusive, of each year for which he desires to obtain the deduction. The statement may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. On verification of the statement by the assessor of the township in which the property for which the deduction is claimed is subject to assessment, the county auditor shall allow the deduction.

(b) **This subsection does not apply to an application for a deduction under section 34.5 of this chapter.** The department of environmental management, upon application by a property owner, shall determine whether a system or device qualifies for a deduction provided by section 31, 33, or 34 of this chapter. If the department determines that a system or device qualifies for a deduction, it shall certify the system or device and provide proof of the certification to the property owner. The department shall prescribe the form and manner of the certification process required by this subsection.

(c) **This subsection does not apply to an application for a deduction under section 34.5 of this chapter.** If the department of environmental management receives an application for certification before April 10 of the assessment year, the department shall determine whether the system or device qualifies for a deduction before May 10 of the assessment year. If the department fails to make a determination under this subsection before May 10 of the assessment year, the system or device is considered certified.

(d) A denial of a deduction claimed under section 31, 33, ~~or 34~~, **or 34.5** of this chapter may be appealed as provided in IC 6-1.1-15. The appeal is limited to a review of a determination made by the township assessor, county property tax assessment board of appeals, or department of local government finance.

(e) A person who timely files a personal property return under IC 6-1.1-3-7(a) for an assessment year and who desires to claim the deduction provided in section 31 of this chapter for property that is not assessed under IC 6-1.1-7 must file the statement described in subsection (a) between March 1 and May 15, inclusive, of that year. A person who obtains a filing extension under IC 6-1.1-3-7(b) for an assessment year must file the application between March 1 and the extended due date for that year.

(f) **This subsection applies only to an application for a deduction under section 34.5 of this chapter. The center for coal technology research established by IC 4-4-30-5, upon receiving an application from the owner of a building, shall determine whether the building qualifies for a deduction under section 34.5 of this chapter. If the center determines that a building qualifies for a deduction, the center shall certify the building and provide proof of the certification to the owner of the building. The center shall prescribe the form and procedure for certification of buildings under this subsection. If the center receives an application for certification of a building under section 34.5 of this chapter before April 10 of an assessment year:**

**(1) the center shall determine whether the building qualifies for a deduction before May 10 of the assessment year; and**

**(2) if the center fails to make a determination before May 10 of the assessment year, the building is considered certified.**

SECTION 14. IC 6-1.1-12-36 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 36. (a) A person who receives a deduction provided under section 26, 29, 33, 34, **34.5**, or 38 of this chapter for a particular year and who remains eligible for the deduction for the following year is not required to file a statement to apply for the deduction for the following year.

(b) A person who receives a deduction provided under section 26, 29, 33, 34, **34.5**, or 38 of this chapter for a particular year and who becomes ineligible for the deduction for the following year shall notify the auditor of the county in which the real property or mobile home for which he received the deduction is located of his ineligibility before March 31 of the year for which he becomes ineligible.

(c) The auditor of each county shall, in a particular year, apply a deduction provided under section 26, 29, 33, 34, **34.5**, or 38 of this chapter to each person who received the deduction in the preceding year unless the auditor determines that the person is no longer eligible for the deduction.

SECTION 15. IC 6-1.1-12.1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. For purposes of this chapter:

(1) "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:

(A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues; and

(B) a residentially distressed area, except as otherwise provided in this chapter.

(2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.

(3) "New manufacturing equipment" means any tangible personal property which:

(A) was installed after February 28, 1983, and before January 1, ~~2006~~, **2012**, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed;

(B) is used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(C) was acquired by its owner for use as described in clause (B) and was never before used by its owner for any purpose in Indiana.

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

(5) "Redevelopment" means the construction of new structures in economic revitalization areas, either:

(A) on unimproved real estate; or

(B) on real estate upon which a prior existing structure is demolished to allow for a new construction.

(6) "Rehabilitation" means the remodeling, repair, or betterment of property in any manner or any enlargement or extension of property.

(7) "Designating body" means the following:

(A) For a county that does not contain a consolidated city, the fiscal body of the county, city, or town.

(B) For a county containing a consolidated city, the metropolitan development commission.

(8) "Deduction application" means either:

(A) the application filed in accordance with section 5 of this chapter by a property owner who desires to obtain the deduction provided by section 3 of this chapter; or

(B) the application **(before January 1, 2006) or schedule (after December 31, 2005)** filed in accordance with ~~section 5.5~~ **section 5.4** of this chapter by a person who desires to obtain the deduction provided by section 4.5 of this chapter.

(9) "Designation application" means an application that is

filed with a designating body to assist that body in making a determination about whether a particular area should be designated as an economic revitalization area.

(10) "Hazardous waste" has the meaning set forth in IC 13-11-2-99(a). The term includes waste determined to be a hazardous waste under IC 13-22-2-3(b).

(11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a). However, the term does not include dead animals or any animal solid or semisolid wastes.

(12) "New research and development equipment" means tangible personal property that:

(A) is installed after June 30, 2000, and before January 1, ~~2006~~, **2012**, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

(i) laboratory equipment;

(ii) research and development equipment;

(iii) computers and computer software;

(iv) telecommunications equipment; or

(v) testing equipment;

(C) is used in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products; and

(D) is acquired by the property owner for purposes described in this subdivision and was never before used by the owner for any purpose in Indiana.

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) is installed after June 30, 2004, and before January 1, ~~2006~~, **2012**, in an economic revitalization area

~~(i) in which a deduction for tangible personal property is allowed; and~~

~~(ii) located in a county referred to in section 2-3 of this chapter; subject to section 2-3(c) of this chapter;~~

(B) consists of:

(i) racking equipment;

(ii) scanning or coding equipment;

(iii) separators;

(iv) conveyors;

(v) forklifts or lifting equipment (including "walk behinds");

(vi) transitional moving equipment;

(vii) packaging equipment;

(viii) sorting and picking equipment; or

(ix) software for technology used in logistical distribution;

(C) is used for the storage or distribution of goods, services, or information; and

(D) before being used as described in clause (C), was never used by its owner for any purpose in Indiana.

(14) "New information technology equipment" means tangible

personal property that:

(A) is installed after June 30, 2004, and before January 1, ~~2006~~, **2012**, in an economic revitalization area

(i) in which a deduction for tangible personal property is allowed; ~~and~~

(ii) ~~located in a county referred to in section 2.3 of this chapter, subject to section 2.3(c) of this chapter;~~

(B) consists of equipment, including software, used in the fields of:

(i) information processing;

(ii) office automation;

(iii) telecommunication facilities and networks;

(iv) informatics;

(v) network administration;

(vi) software development; and

(vii) fiber optics; and

(C) before being installed as described in clause (A), was never used by its owner for any purpose in Indiana.

SECTION 16. IC 6-1.1-12.1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) A designating body may find that a particular area within its jurisdiction is an economic revitalization area. However, the deduction provided by this chapter for economic revitalization areas not within a city or town shall not be available to retail businesses.

(b) In a county containing a consolidated city or within a city or town, a designating body may find that a particular area within its jurisdiction is a residentially distressed area. Designation of an area as a residentially distressed area has the same effect as designating an area as an economic revitalization area, except that the amount of the deduction shall be calculated as specified in section 4.1 of this chapter and the deduction is allowed for not more than five (5) years. In order to declare a particular area a residentially distressed area, the designating body must follow the same procedure that is required to designate an area as an economic revitalization area and must make all the following additional findings or all the additional findings described in subsection (c):

(1) The area is comprised of parcels that are either unimproved or contain only one (1) or two (2) family dwellings or multifamily dwellings designed for up to four (4) families, including accessory buildings for those dwellings.

(2) Any dwellings in the area are not permanently occupied and are:

(A) the subject of an order issued under IC 36-7-9; or

(B) evidencing significant building deficiencies.

(3) Parcels of property in the area:

(A) have been sold and not redeemed under IC 6-1.1-24 and IC 6-1.1-25; or

(B) are owned by a unit of local government.

However, in a city in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), the designating body is only required to make one (1) of the additional findings described in this subsection or one (1) of the additional findings described in subsection (c).

(c) In a county containing a consolidated city or within a city or town, a designating body that wishes to designate a particular area a residentially distressed area may make the following additional findings as an alternative to the additional findings described in subsection (b):

(1) A significant number of dwelling units within the area are not permanently occupied or a significant number of parcels in the area are vacant land.

(2) A significant number of dwelling units within the area are:

(A) the subject of an order issued under IC 36-7-9; or

(B) evidencing significant building deficiencies.

(3) The area has experienced a net loss in the number of dwelling units, as documented by census information, local building and demolition permits, or certificates of occupancy, or the area is owned by Indiana or the United States.

(4) The area (plus any areas previously designated under this subsection) will not exceed ten percent (10%) of the total area within the designating body's jurisdiction.

However, in a city in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), the designating body is only required to make one (1) of the additional findings described in this subsection as an alternative to one (1) of the additional findings described in subsection (b).

(d) A designating body is required to attach the following conditions to the grant of a residentially distressed area designation:

(1) The deduction will not be allowed unless the dwelling is rehabilitated to meet local code standards for habitability.

(2) If a designation application is filed, the designating body may require that the redevelopment or rehabilitation be completed within a reasonable period of time.

(e) To make a designation described in subsection (a) or (b), the designating body shall use procedures prescribed in section 2.5 of this chapter.

(f) The property tax deductions provided by sections 3 and 4.5 of this chapter are only available within an area which the designating body finds to be an economic revitalization area.

(g) The designating body may adopt a resolution establishing general standards to be used, along with the requirements set forth in the definition of economic revitalization area, by the designating body in finding an area to be an economic revitalization area. The standards must have a reasonable relationship to the development objectives of the area in which the designating body has jurisdiction. The following three (3) sets of standards may be established:

(1) One (1) relative to the deduction under section 3 of this chapter for economic revitalization areas that are not residentially distressed areas.

(2) One (1) relative to the deduction under section 3 of this chapter for residentially distressed areas.

(3) One (1) relative to the deduction allowed under section 4.5 of this chapter.

(h) A designating body may impose a fee for filing a designation application for a person requesting the designation of a particular area as an economic revitalization area. The fee may be sufficient to defray actual processing and administrative costs. However, the fee charged for filing a designation application for a parcel that contains one (1) or more owner-occupied, single-family dwellings may not exceed the cost of publishing the required notice.

(i) In declaring an area an economic revitalization area, the designating body may:

(1) limit the time period to a certain number of calendar years during which the area shall be so designated;

- (2) limit the type of deductions that will be allowed within the economic revitalization area to either the deduction allowed under section 3 of this chapter or the deduction allowed under section 4.5 of this chapter;
- (3) limit the dollar amount of the deduction that will be allowed with respect to new manufacturing equipment, new research and development equipment, new logistical distribution equipment, and new information technology equipment if a deduction under this chapter had not been filed before July 1, 1987, for that equipment;
- (4) limit the dollar amount of the deduction that will be allowed with respect to redevelopment and rehabilitation occurring in areas that are designated as economic revitalization areas on or after September 1, 1988; or
- (5) impose reasonable conditions related to the purpose of this chapter or to the general standards adopted under subsection (g) for allowing the deduction for the redevelopment or rehabilitation of the property or the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.

To exercise one (1) or more of these powers, a designating body must include this fact in the resolution passed under section 2.5 of this chapter.

(j) Notwithstanding any other provision of this chapter, if a designating body limits the time period during which an area is an economic revitalization area, that limitation does not:

- (1) prevent a taxpayer from obtaining a deduction for new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment installed before January 1, ~~2006~~, **2012**, but after the expiration of the economic revitalization area if:

- (A) the economic revitalization area designation expires after December 30, 1995; and
- (B) the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment was described in a statement of benefits submitted to and approved by the designating body in accordance with section 4.5 of this chapter before the expiration of the economic revitalization area designation; or

- (2) limit the length of time a taxpayer is entitled to receive a deduction to a number of years that is less than the number of years designated under section 4 or 4.5 of this chapter.

(k) Notwithstanding any other provision of this chapter, deductions:

- (1) that are authorized under section 3 of this chapter for property in an area designated as an urban development area before March 1, 1983, and that are based on an increase in assessed valuation resulting from redevelopment or rehabilitation that occurs before March 1, 1983; or
- (2) that are authorized under section 4.5 of this chapter for new manufacturing equipment installed in an area designated as an urban development area before March 1, 1983;

apply according to the provisions of this chapter as they existed at the time that an application for the deduction was first made. No deduction that is based on the location of property or new

manufacturing equipment in an urban development area is authorized under this chapter after February 28, 1983, unless the initial increase in assessed value resulting from the redevelopment or rehabilitation of the property or the installation of the new manufacturing equipment occurred before March 1, 1983.

(l) If property located in an economic revitalization area is also located in an allocation area (as defined in IC 36-7-14-39 or IC 36-7-15.1-26), an application for the property tax deduction provided by this chapter may not be approved unless the commission that designated the allocation area adopts a resolution approving the application.

SECTION 17. IC 6-1.1-12.1-5.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5.4. (a) A person that desires to obtain the deduction provided by section 4.5 of this chapter must file a certified deduction **application schedule with the person's personal property return on forms a form** prescribed by the department of local government finance with the **auditor township assessor** of the **county township** in which the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is located. **Except as provided in subsection (e), the deduction is applied in the amount claimed in a certified schedule that a person that files with:**

- (1) **a timely files a** personal property return under IC 6-1.1-3-7(a) **for the year in which the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is installed must file the application between March 1 and May 15 of that year. A person that obtains a filing extension under or** IC 6-1.1-3-7(b); **for the year in which the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is installed must file the application between March 1 and the extended due date for that year; or**
- (2) **a timely amended personal property return under IC 6-1.1-3-7.5.**

**The township assessor shall forward to the county auditor and the county assessor a copy of each certified deduction schedule filed under this subsection.**

(b) The deduction **application schedule** required by this section must contain the following information:

- (1) The name of the owner of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.
- (2) A description of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.
- ~~(3) Proof of the date the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment was installed;~~
- ~~(4) (3) The amount of the deduction claimed for the first year of the deduction.~~

(c) This subsection applies to a deduction **application schedule** with respect to new manufacturing equipment, new research and

development equipment, new logistical distribution equipment, or new information technology equipment for which a statement of benefits was initially approved after April 30, 1991. If a determination about the number of years the deduction is allowed has not been made in the resolution adopted under section 2.5 of this chapter, the county auditor shall send a copy of the deduction ~~application~~ **schedule** to the designating body, and the designating body shall adopt a resolution under section 4.5(g)(2) of this chapter.

(d) A deduction ~~application~~ **schedule** must be filed under this section in the year in which the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is installed and in each of the immediately succeeding years the deduction is allowed.

(e) ~~Subject to subsection (i), The county auditor shall; township assessor or the county assessor may:~~

- (1) review the deduction ~~application; schedule;~~ and
- (2) ~~approve; before the March 1 that next succeeds the assessment date for which the deduction is claimed,~~ deny or alter the amount of the deduction.

~~Upon approval of the deduction application or alteration of the amount of the deduction, If the township assessor or the county assessor does not deny the deduction, the county auditor shall make apply the deduction in the amount claimed in the deduction schedule or in the amount as altered by the township assessor or the county assessor. A township assessor or a county assessor who denies a deduction under this subsection or alters the amount of the deduction shall notify the person that claimed the deduction and the county auditor of the assessor's action. The county auditor shall notify the designating body and the county property tax assessment board of appeals of all deductions approved applied under this section.~~

(f) If the ownership of new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment changes, the deduction provided under section 4.5 of this chapter continues to apply to that equipment if the new owner:

- (1) continues to use the equipment in compliance with any standards established under section 2(g) of this chapter; and
- (2) files the deduction ~~applications~~ **schedules** required by this section.

(g) The amount of the deduction is the percentage under section 4.5 of this chapter that would have applied if the ownership of the property had not changed multiplied by the assessed value of the equipment for the year the deduction is claimed by the new owner.

(h) A person may appeal ~~the a~~ determination of the ~~county auditor township assessor or the county assessor~~ under subsection (e) ~~to deny or alter the amount of the deduction by filing a complaint in the office of the clerk of the circuit or superior court requesting in writing a preliminary conference with the township assessor or the county assessor~~ not more than forty-five (45) days after the ~~county auditor township assessor or the county assessor~~ gives the person notice of the determination. **Except as provided in subsection (i), an appeal initiated under this subsection is processed and determined in the same manner that an appeal is processed and determined under IC 6-1.1-15.**

(i) Before the county auditor acts under subsection (e), the

county auditor may request that the township assessor in which the property is located review the deduction application:

**(i) The county assessor is recused from any action the county property tax assessment board of appeals takes with respect to an appeal under subsection (h) of a determination by the county assessor.**

SECTION 18. IC 6-1.1-12.1-5.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5.6. (a) This subsection applies to a property owner whose statement of benefits was approved under section 4.5 of this chapter before July 1, 1991. In addition to the requirements of section ~~5-5(b)~~ **5.4(b)** of this chapter, a deduction ~~application~~ **schedule** filed under section ~~5-5~~ **5.4** of this chapter must contain information showing the extent to which there has been compliance with the statement of benefits approved under section 4.5 of this chapter. Failure to comply with a statement of benefits approved before July 1, 1991, may not be a basis for rejecting a deduction ~~application; schedule.~~

(b) This subsection applies to a property owner whose statement of benefits was approved under section 4.5 of this chapter after June 30, 1991. In addition to the requirements of section ~~5-5(b)~~ **5.4(b)** of this chapter, a property owner who files a deduction ~~application~~ **schedule** under section ~~5-5~~ **5.4** of this chapter must provide the county auditor and the designating body with information showing the extent to which there has been compliance with the statement of benefits approved under section 4.5 of this chapter.

(c) Notwithstanding IC 5-14-3 and IC 6-1.1-35-9, the following information is a public record if filed under this section:

- (1) The name and address of the taxpayer.
- (2) The location and description of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment for which the deduction was granted.
- (3) Any information concerning the number of employees at the facility where the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment is located, including estimated totals that were provided as part of the statement of benefits.
- (4) Any information concerning the total of the salaries paid to those employees, including estimated totals that were provided as part of the statement of benefits.
- (5) Any information concerning the amount of solid waste or hazardous waste converted into energy or other useful products by the new manufacturing equipment.
- (6) Any information concerning the assessed value of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment including estimates that were provided as part of the statement of benefits.

(d) The following information is confidential if filed under this section:

- (1) Any information concerning the specific salaries paid to individual employees by the owner of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment.
- (2) Any information concerning the cost of the new manufacturing equipment, new research and development

equipment, new logistical distribution equipment, or new information technology equipment.

SECTION 19. IC 6-1.1-12.1-5.9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5.9. (a) This section does not apply to:

- (1) a deduction under section 3 of this chapter for property located in a residentially distressed area; or
- (2) any other deduction under section 3 or 4.5 of this chapter for which a statement of benefits was approved before July 1, 1991.

(b) Not later than forty-five (45) days after receipt of the information described in section 5.1 or 5.6 of this chapter, the designating body may determine whether the property owner has substantially complied with the statement of benefits approved under section 3 or 4.5 of this chapter. If the designating body determines that the property owner has not substantially complied with the statement of benefits and that the failure to substantially comply was not caused by factors beyond the control of the property owner (such as declines in demand for the property owner's products or services), the designating body shall mail a written notice to the property owner. The written notice must include the following provisions:

- (1) An explanation of the reasons for the designating body's determination.
- (2) The date, time, and place of a hearing to be conducted by the designating body for the purpose of further considering the property owner's compliance with the statement of benefits. The date of the hearing may not be more than thirty (30) days after the date on which the notice is mailed.

(c) On the date specified in the notice described in subsection (b)(2), the designating body shall conduct a hearing for the purpose of further considering the property owner's compliance with the statement of benefits. Based on the information presented at the hearing by the property owner and other interested parties, the designating body shall again determine whether the property owner has made reasonable efforts to substantially comply with the statement of benefits and whether any failure to substantially comply was caused by factors beyond the control of the property owner. If the designating body determines that the property owner has not made reasonable efforts to comply with the statement of benefits, the designating body shall adopt a resolution terminating the property owner's deduction under section 3 or 4.5 of this chapter. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes.

(d) If the designating body adopts a resolution terminating a deduction under subsection (c), the designating body shall immediately mail a certified copy of the resolution to:

- (1) the property owner; ~~and~~
- (2) the county auditor; ~~and~~
- (3) if the deduction applied under section 4.5 of this chapter, the township assessor.**

The county auditor shall remove the deduction from the tax duplicate and shall notify the county treasurer of the termination of the deduction. If the designating body's resolution is adopted after the county treasurer has mailed the statement required by

IC 6-1.1-22-8, the county treasurer shall immediately mail the property owner a revised statement that reflects the termination of the deduction.

(e) A property owner whose deduction is terminated by the designating body under this section may appeal the designating body's decision by filing a complaint in the office of the clerk of the circuit or superior court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner. An appeal under this subsection shall be promptly heard by the court without a jury and determined within thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the appeal and may confirm the action of the designating body or sustain the appeal. The judgment of the court is final and conclusive unless an appeal is taken as in other civil actions.

(f) If an appeal under subsection (e) is pending, the taxes resulting from the termination of the deduction are not due until after the appeal is finally adjudicated and the termination of the deduction is finally determined.

SECTION 20. IC 6-1.1-12.1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 8. (a) Not later than December 31 of each year, the county auditor shall publish the following in a newspaper of general interest and readership and not one of limited subject matter:

- (1) A list of the ~~approved~~ deduction applications that were filed under this chapter during that year **that resulted in deductions being applied under this chapter for that year.**

The list must contain the following:

- (A) The name and address of each person approved for or receiving a deduction that was filed for during the year.
- (B) The amount of each deduction that was filed for during the year.
- (C) The number of years for which each deduction that was filed for during the year will be available.
- (D) The total amount for all deductions that were filed for and ~~granted~~ **applied** during the year.
- (2) The total amount of all deductions for real property that were in effect under section 3 of this chapter during the year.
- (3) The total amount of all deductions for new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment that were in effect under section 4.5 of this chapter during the year.

(b) The county auditor shall file the information described in subsection (a)(2) and (a)(3) with the department of local government finance not later than December 31 of each year.

SECTION 21. IC 6-1.1-12.1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. Notwithstanding any other provision of this chapter, a designating body may not approve a statement of benefits for a deduction under section 3 or 4.5 of this chapter after December 31, ~~2005~~ **2011**.

SECTION 22. IC 6-1.1-12.1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 14. (a) This section does not apply to:

- (1) a deduction under section 3 of this chapter for property located in a residentially distressed area; or
- (2) any other deduction under section 3 or 4.5 of this chapter for which a statement of benefits was approved before July 1, 2004.

(b) A property owner that receives a deduction under section 3 or 4.5 of this chapter is subject to this section only if the designating body, with the consent of the property owner, incorporates this section, including the percentage to be applied by the county auditor for purposes of STEP TWO of subsection (c), into its initial approval of the property owner's statement of benefits and deduction at the time of that approval.

(c) During each year in which a property owner's property tax liability is reduced by a deduction ~~granted~~ **applied** under this chapter, the property owner shall pay to the county treasurer a fee in an amount determined by the county auditor. The county auditor shall determine the amount of the fee to be paid by the property owner according to the following formula:

STEP ONE: Determine the additional amount of property taxes that would have been paid by the property owner during the year if the deduction had not been in effect.

STEP TWO: Multiply the amount determined under STEP ONE by the percentage determined by the designating body under subsection (b), which may not exceed fifteen percent (15%). The percentage determined by the designating body remains in effect throughout the term of the deduction and may not be changed.

STEP THREE: Determine the lesser of the STEP TWO product or one hundred thousand dollars (\$100,000).

(d) Fees collected under this section must be distributed to one (1) or more public or nonprofit entities established to promote economic development within the corporate limits of the city, town, or county served by the designating body. The designating body shall notify the county auditor of the entities that are to receive distributions under this section and the relative proportions of those distributions. The county auditor shall distribute fees collected under this section in accordance with the designating body's instructions.

(e) If the designating body determines that a property owner has not paid a fee imposed under this section, the designating body may adopt a resolution terminating the property owner's deduction under section 3 or 4.5 of this chapter. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes.

SECTION 23. IC 6-1.1-12.4 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]:

#### **Chapter 12.4. Investment Deduction**

**Sec. 1. For purposes of this chapter, "official" means:**

- (1) a county auditor;
- (2) a county assessor; or
- (3) a township assessor.

**Sec. 2. (a) For purposes of this section, an increase in the assessed value of real property is determined in the same manner that an increase in the assessed value of real property is determined for purposes of IC 6-1.1-12.1.**

**(b) This subsection applies only to a development, redevelopment, or rehabilitation that is first assessed after March 1, 2005, and before March 2, 2009. Except as provided in subsection (h) and sections 4, 5, and 8 of this chapter, an owner of real property that:**

- (1) develops, redevelops, or rehabilitates the real property; and**
- (2) creates or retains employment from the development, redevelopment, or rehabilitation;**

**is entitled to a deduction from the assessed value of the real property.**

**(c) The deduction under this section is first available in the year in which the increase in assessed value resulting from the development, redevelopment, or rehabilitation occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to real property located in a county for a particular year equals the lesser of:**

**(1) two million dollars (\$2,000,000); or**

**(2) the product of:**

**(A) the increase in assessed value resulting from the development, rehabilitation, or redevelopment; multiplied by**

**(B) the percentage from the following table:**

<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
<b>1st</b>	<b>75%</b>
<b>2nd</b>	<b>50%</b>
<b>3rd</b>	<b>25%</b>

**(d) A property owner is not required to file an application to qualify for a deduction under this section. The township assessor shall:**

- (1) identify the real property eligible for the deduction to the county auditor; and**
- (2) inform the county auditor of the deduction amount.**

**(e) The county auditor shall:**

- (1) make the deductions; and**
- (2) notify the county property tax assessment board of appeals of all deductions approved;**

**under this section.**

**(f) The amount of the deduction determined under subsection (c)(2) is adjusted to reflect the percentage increase or decrease in assessed valuation that results from:**

- (1) a general reassessment of real property under IC 6-1.1-4-4; or**
- (2) an annual adjustment under IC 6-1.1-4-4.5.**

**(g) If an appeal of an assessment is approved that results in a reduction of the assessed value of the real property, the amount of the deduction under this section is adjusted to reflect the percentage decrease that results from the appeal.**

**(h) The deduction under this section does not apply to a facility listed in IC 6-1.1-12.1-3(e).**

**Sec. 3. (a) For purposes of this section, an increase in the assessed value of personal property is determined in the same manner that an increase in the assessed value of new manufacturing equipment is determined for purposes of IC 6-1.1-12.1.**

**(b) This subsection applies only to personal property that the owner installs after March 1, 2005, and before March 2, 2009. Except as provided in sections 4, 5, and 8 of this chapter, an owner that installs personal property other than inventory (as defined in 50 IAC 4.2-5-1, as in effect on January 1, 2005) that:**

- (1) was never before used by its owner for any purpose in Indiana; and**

(2) creates or retains employment; is entitled to a deduction from the assessed value of the personal property. For purposes of this subsection, personal property is considered to be installed if the property is installed as described in 50 IAC 10-1-2 (as in effect on January 1, 2005).

(c) The deduction under this section is first available in the year in which the increase in assessed value resulting from the installation of the personal property occurs and continues for the following two (2) years. The amount of the deduction that a property owner may receive with respect to personal property located in a county for a particular year equals the lesser of:

- (1) two million dollars (\$2,000,000); or
  - (2) the product of:
    - (A) the increase in assessed value resulting from the installation of the personal property; multiplied by
    - (B) the percentage from the following table:
- | YEAR OF DEDUCTION | PERCENTAGE |
|-------------------|------------|
| 1st               | 75%        |
| 2nd               | 50%        |
| 3rd               | 25%        |

(d) If an appeal of an assessment is approved that results in a reduction of the assessed value of the personal property, the amount of the deduction is adjusted to reflect the percentage decrease that results from the appeal.

(e) A property owner must claim the deduction under this section on the owner's annual personal property tax return. The township assessor shall:

- (1) identify the personal property eligible for the deduction to the county auditor; and
  - (2) inform the county auditor of the deduction amount.
- (f) The county auditor shall:
- (1) make the deductions; and
  - (2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

Sec. 4. A property owner may not receive a deduction under this chapter with respect to real property or personal property located in an allocation area (as defined in IC 6-1.1-21.2-3).

Sec. 5. A property owner that qualifies for a deduction for a year under this chapter and another statute with respect to the same:

- (1) real property development, redevelopment, or rehabilitation; or
  - (2) personal property installation;
- may not receive a deduction under both statutes for the development, redevelopment, rehabilitation, or installation for that year.

Sec. 6. An official may:

- (1) review the creation or retention of employment from:
  - (A) the development, redevelopment, or rehabilitation of real property; or
  - (B) the installation of personal property;
 that qualifies a property owner for a deduction under this chapter;
- (2) determine whether the creation or retention of employment described in subdivision (1) has occurred; and

- (3) if the official determines under subdivision (2) that:
  - (A) the creation or retention of employment described in subdivision (1) has not occurred; and
  - (B) the failure to create or retain employment was not caused by factors beyond the control of the property owner (such as declines in demand for the property owner's products or services);

mail a written notice to the property owner of a hearing on the termination of the deduction under this chapter.

Sec. 7. The written notice under section 6(3) of this chapter must include the following:

- (1) An explanation of the reasons for the determination that the creation or retention of employment described in section 6(1) of this chapter has not occurred.
- (2) The date, time, and place of a hearing to be conducted:
  - (A) by the official; and
  - (B) not more than thirty (30) days after the date of the notice under section 6(3) of this chapter;
 to further consider the property owner's creation or retention of employment as described in section 6(1) of this chapter.

Sec. 8. On the date specified in the notice described in section 6(3) of this chapter, the official shall conduct a hearing for the purpose of further considering the property owner's creation or retention of employment as described in section 6(1) of this chapter. Based on the information presented at the hearing by the property owner and other interested parties, the official shall determine whether the property owner has made reasonable efforts to create or retain employment as described in section 6(1) of this chapter and whether any failure to create or retain employment was caused by factors beyond the control of the property owner. If the official determines that the property owner has not made reasonable efforts to create or retain employment, the official shall determine that the property owner's deduction under this chapter is terminated. If the official terminates the deduction, the deduction does not apply to:

- (1) the next installment of property taxes owed by the property owner; or
- (2) any subsequent installment of property taxes.

Sec. 9. If an official terminates a deduction under section 8 of this chapter:

- (1) the official shall immediately mail a certified copy of the determination to:
  - (A) the property owner; and
  - (B) if the determination is made by the county assessor or the township assessor, the county auditor;
- (2) the county auditor shall:
  - (A) remove the deduction from the tax duplicate; and
  - (B) notify the county treasurer of the termination of the deduction; and
- (3) if the official's determination to terminate the deduction occurs after the county treasurer has mailed the statement required by IC 6-1.1-22-8, the county treasurer shall immediately mail the property owner a revised statement that reflects the termination of the deduction.

Sec. 10. A property owner whose deduction is terminated under section 8 of this chapter may appeal the official's decision



by filing a complaint in the office of the clerk of the circuit or superior court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner. The court shall:

- (1) hear an appeal under this section promptly without a jury; and
- (2) determine the appeal not later than thirty (30) days after the date of the filing of the appeal.

The judgment of the court is final and conclusive unless an appeal is taken as in other civil actions.

Sec. 11. If an appeal under section 10 of this chapter is pending, the taxes resulting from the termination of the deduction are not due until after the appeal is finally adjudicated and the termination of the deduction is finally determined.

Sec. 12. If ownership of the real property or new personal property changes, the deduction under this chapter continues to apply to the real property or personal property, and the amount of deduction is the product of:

- (1) the percentage under section 2(c)(2)(B) or 3(c)(2)(B) of this chapter that would have applied if the ownership of the property had not changed; multiplied by
- (2) the assessed value of the real property or personal property for the year the new owner qualifies for the deduction.

Sec. 13. The department of local government finance shall adopt rules under IC 4-22-2 to implement this chapter.

SECTION 24. IC 6-1.1-21-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5 is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted; however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals

described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1982; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus  
(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed); IC 12-2-4.5 (repealed); IC 12-19-5; or IC 12-20-24; minus

(1) the total amount of:

(A) controlled property taxes imposed in the county that does not exceed the sum of the controlled levy limits of each political subdivision in the county, as determined under IC 6-12;

~~(B)~~ (B) that part of the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1982, before January 1, 1984;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and or

(iii) does not constitute constitutes debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus and

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) (C) that part of the total property taxes imposed in the county for the stated assessment year a cumulative building fund established or reestablished under authority of IC 21-2-6 (repealed) or under any citation listed in IC 6-1.1-18.5-9.8 (before its repeal) for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) to the total extent of the amount of property taxes imposed in the county for the fund for the 1984 stated assessment year; under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 for a racial balance fund; plus  
 (iii) IC 20-14-13 for a library capital projects fund; plus  
 (iv) IC 20-5-17.5-3 for an art association fund; plus  
 (v) IC 21-2-17 for a special education preschool fund; plus  
 (vi) IC 21-2-11.6 for a referendum tax levy fund; plus  
 (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; plus  
 (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19 including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 or any other law; minus

(I) for each township in the county, the lesser of:

(i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) filed after December 31, 1982; or  
 (ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

(J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of:

(i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 (repeated) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995; or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b); and  
 (ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995; or the amount determined under IC 12-19-7-4(b) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid. plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property

tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(c);

(i) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year.

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property, **other than real property that is corporate property in an adopting county**, for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

**(4) Eighteen percent (18%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in an adopting county on real property that is corporate property for a stated assessment year.**

(k) "Business personal property" means tangible personal property (other than real property) that is being:

(1) held for sale in the ordinary course of a trade or business; or

(2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means the sum of the following:

(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.

(2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property, **other than real property in an adopting county that is corporate property.**

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

**(4) Eighteen percent (18%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in an adopting county on real property that is corporate property for a stated assessment year.**

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

**(o) "Adopting county" means a county that has adopted an ordinance under IC 6-11-7 to fund the county's annual controlled tax increase (as defined in IC 6-11-1-6) from county income taxes for the year in which a particular taxpayer's property tax replacement credit amount is available.**

**(p) "Corporate property" means tangible property in which one (1) or more corporations have at least a fifty-one percent (51%) direct or indirect ownership interest. For purposes of attributing indirect ownership by a corporation to tangible property:**

**(1) the owners or beneficial owners through not more than six (6) levels of limited liability partnerships, partnerships, limited liability companies, or trusts that have a direct line of ownership with a limited liability partnership, partnership, limited liability company, or trust that owns tangible property shall be attributed to the tangible property; but**

**(2) the following interests shall not be considered:**

**(A) Ownership of publically traded shares in an entity.**

**(B) Ownership by a corporation that is exempt from income tax under Section 1363 of the Internal Revenue Code and that complies with the requirements of IC 6-3-4-13.**

**Indirect ownership shall be computed as determined under the rules adopted under IC 4-22-2 by the department of local government finance.**

SECTION 25. IC 6-1.1-21-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5. (a) Each year the taxpayers of each county shall receive a credit for property tax replacement in the amount of each taxpayer's property tax replacement credit amount for taxes which:

(1) under IC 6-1.1-22-9 are due and payable in May and November of that year; or

(2) under IC 6-1.1-22-9.5 are due in installments established by the department of local government finance for that year.

The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the department of local government finance.

(b) The tax liability of a taxpayer for the purpose of computing the credit for a particular year shall be based upon the taxpayer's tax

**liability for that part of the total county tax levy imposed on the property of the taxpayer as is evidenced by the tax duplicate for the taxes payable in that year, plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter;** adjusted, however, for any change in assessed valuation which may have been made pursuant to a postabstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). ~~However, except when using the term under section 2(i)(1) of this chapter, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B); 2(g)(1)(C); 2(g)(1)(D); 2(g)(1)(E); 2(g)(1)(F); 2(g)(1)(G); 2(g)(1)(H); 2(g)(1)(I); 2(g)(1)(J); or 2(g)(1)(K) of this chapter in computing the total county tax levy.~~

(c) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is equivalent to the taxpayer's property tax replacement credit amount for the taxes payable with respect to the assessments. ~~plus the adjustments stated in this section.~~

(d) Each taxpayer in a taxing district that contains all or part of an economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

(1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by

(2) the taxpayer's taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

SECTION 26. IC 6-1.1-39-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) If the fiscal body of a unit finds that:

(1) in order to promote opportunities for the gainful employment of its citizens, the attraction of a new business enterprise to the unit, the retention or expansion of a business enterprise existing within the boundaries of the unit, or the preservation or enhancement of the tax base of the unit, an area under the fiscal body's jurisdiction should be declared an economic development district;

(2) the public health and welfare of the unit will be benefited by designating the area as an economic development district; and

(3) there has been proposed a qualified industrial development project to be located in the economic development district, with the proposal supported by:

(A) financial and economic data; and

(B) preliminary commitments by business enterprises, associations, state or federal governmental units, or similar entities that evidence a reasonable likelihood that the proposed qualified industrial development project will be initiated and accomplished;

the fiscal body may, before January 1, ~~2006~~, **2012**, adopt an ordinance declaring the area to be an economic development district and declaring that the public health and welfare of the unit will be benefited by the designation.

(b) For the purpose of adopting an ordinance under subsection (a), it is sufficient to describe the boundaries of the area by its location in relation to public ways or streams or otherwise as determined by the fiscal body.

SECTION 27. IC 6-1.1-45 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]:

**Chapter 45. Enterprise Zone Investment Deduction**

**Sec. 1.** The definitions in this chapter apply throughout this chapter.

**Sec. 2.** "Base year assessed value" equals the total assessed value of the real and personal property assessed at an enterprise zone location on the assessment date in the calendar year immediately preceding the calendar year in which a taxpayer makes a qualified investment with respect to the enterprise zone location.

**Sec. 3.** "Corporation" refers to the Indiana economic development corporation established under IC 5-28-3-1.

**Sec. 4.** "Enterprise zone" refers to an enterprise zone created under IC 5-28-15.

**Sec. 5.** "Enterprise zone location" means a lot, parcel, or tract of land located in an enterprise zone.

**Sec. 6.** "Enterprise zone property" refers to real and tangible personal property that is located within an enterprise zone on an assessment date.

**Sec. 7.** As used in this chapter, "qualified investment" means any of the following expenditures relating to an enterprise zone location on which a taxpayer's zone business is located:

- (1) The purchase of a building.
- (2) The purchase of new manufacturing or production equipment.
- (3) Costs associated with the repair, rehabilitation, or modernization of an existing building and related improvements.
- (4) Onsite infrastructure improvements.
- (5) The construction of a new building.
- (6) Costs associated with retooling existing machinery.

**Sec. 8.** "Zone business" has the meaning set forth in IC 5-28-15-3.

**Sec. 9.** (a) A taxpayer that makes a qualified investment is entitled to a deduction from the assessed value of the taxpayer's enterprise zone property located at the enterprise zone location for which the taxpayer made the qualified investment. The amount of the deduction is equal to the remainder of:

- (1) the total amount of the assessed value of the taxpayer's enterprise zone property assessed at the enterprise zone location on a particular assessment date; minus
- (2) the total amount of the base year assessed value for the enterprise zone location.

(b) To receive the deduction allowed under subsection (a) for a particular year, a taxpayer must comply with the conditions set forth in this chapter.

**Sec. 10.** (a) A taxpayer that desires to claim the deduction provided by section 9 of this chapter for a particular year shall file a certified application, on forms prescribed by the department of local government finance, with the auditor of the county where the property for which the deduction is claimed was located on the assessment date. The application may be

filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. The application must be filed before May 10 of the assessment year to obtain the deduction.

(b) A taxpayer shall include on an application filed under this section all information that the department of local government finance and the corporation require to determine eligibility for the deduction provided under this chapter.

**Sec. 11.** (a) The county auditor shall determine the eligibility of each applicant under this chapter and shall notify the applicant of the determination before August 15 of the year in which the application is made.

(b) A person may appeal the determination of the county auditor under subsection (a) by filing a complaint in the office of the clerk of the circuit or superior court not later than forty-five (45) days after the county auditor gives the person notice of the determination.

**Sec. 12.** A taxpayer may not claim a deduction under this chapter for more than ten (10) years.

SECTION 28. IC 6-2.3-1-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 3.5.** "Gross consideration" refers to anything of value, including cash or other tangible or intangible property, that a taxpayer pays in consideration for the retail purchase of utility services for consumption before deduction of any costs incurred in providing the utility services.

SECTION 29. IC 6-2.3-3-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 11.** Subject to IC 6-2.3-2 and this chapter, gross receipts derived from activities or businesses or any other sources within Indiana includes furnishing utility services to an end user in Indiana for consumption in Indiana, regardless of whether the:

- (1) utility services are delivered through the pipelines, transmission lines, or other property of another person;
- (2) taxpayer providing the utility service is or is not a resident or a domiciliary of Indiana; or
- (3) transaction is subject to a deduction under IC 6-2.3-5-5.

SECTION 30. IC 6-2.3-5.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

**Chapter 5.5. Utility Services User Tax**

**Sec. 1.** An excise tax, known as the utility services user tax, is imposed on the retail consumption of utility services in Indiana that are billed after June 30, 2005.

**Sec. 2.** The use tax is measured by the gross consideration on the transaction.

**Sec. 3.** The utility services use tax is imposed at the same rate as the utility receipts tax under IC 6-2.3-2-2.

**Sec. 4.** The retail consumption in Indiana is exempt from the utility services use tax if the:

- (1) transaction is subject to utility receipts tax (including a public utility (as defined in IC 8-1-2-1) and the utility receipts tax is paid on the gross receipts from the utility services;
- (2) gross receipts from the transaction are not taxable under IC 6-2.3-3 and the utility services are consumed for

the purposes for which the gross receipts were excluded from taxation;

(3) utility services were acquired in a transaction that is wholly or partially exempt from the utility receipts tax under IC 6-2.3-4 and the utility services are consumed for the purpose for which the utility services were exempted; or

(4) utility services were acquired in a transaction that is wholly or partially subject to a deduction from the utility receipts tax under IC 6-2.3-5-6 and the utility services are consumed for the purpose for which the utility services deduction was given.

Sec. 5. A person is entitled to a credit against the utility receipts use tax imposed on the retail consumption of utility services equal to the amount, if any, of utility receipts tax paid to another state. Payment of a general sales tax, purchase tax, or use tax to another state does not qualify for a credit under this section.

Sec. 6. The person who consumes utility services is personally liable for the use tax.

Sec. 7. The department shall establish procedures for the collection of the utility services use tax from users and providers, including provider registration requirements, deposit and reporting requirements, deposit dates, and reporting dates. Failure to comply with the procedures is subject to the penalties in IC 6-8.1.

Sec. 8. The person liable for the utility services use tax shall pay the tax to the provider from whom the person acquired the utility services, and the provider shall collect the tax as an agent for the state, if the provider has departmental permission to collect the tax. In all other cases, the person shall pay the use tax to the department.

Sec. 9. The department may require any provider of utility services to register under this chapter.

Sec. 10. When a provider collects the utility services use tax from a person, the provider shall, upon request, issue a receipt to that person for the utility receipts use tax collected.

Sec. 11. If:

(1) the department assesses the utility services use tax against a person for the person's retail consumption of utility services; and

(2) the person has already paid the utility services use tax in relation to the utility services to a provider permitted to collect the utility services use tax under section 8 of this chapter, the person may avoid paying the utility services use tax to the department if the person can produce a receipt or other written evidence showing that the person paid the utility services use tax to the provider.

Sec. 12. (a) An individual who:

(1) is an employee, officer, or member of a corporation, partnership, or limited liability company; and

(2) has a duty to remit the utility services use tax imposed under this chapter to the department by virtue of the individual's responsibilities within the corporation, partnership, or limited liability company;

holds those taxes in trust for the state and is personally liable for the payment of those taxes, plus any penalties and interest attributable to those taxes, to the state.

(b) If an individual described in subsection (a) knowingly fails to collect or remit the specified taxes to the state, the individual commits a Class D felony.

SECTION 31. IC 6-2.5-5-37 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 37. Transactions involving the following tangible personal property are exempt from the state gross retail tax, **if the tangible personal property:**

(1) ~~Engines or chassis that are~~ is leased, owned, or operated by a professional racing ~~teams~~ team; and

(2) ~~Any spare, replacement, and rebuilding parts or components for the engines and chassis described in subdivision (1); excluding tires and accessories.~~

(2) **comprises any part of a professional motor racing vehicle, excluding tires and accessories.**

SECTION 32. IC 6-2.5-5-39 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 39. (a) As used in this chapter, "research and development activities" does not include any of the following:

(1) Efficiency surveys.

(2) Management studies.

(3) Consumer surveys.

(4) Economic surveys.

(5) Advertising or promotions.

(6) Research in connection with literary, historical, or similar projects.

(7) Testing for purposes of quality control.

(b) As used in this section, "research and development equipment" means tangible personal property that:

(1) consists of or is a combination of:

(A) laboratory equipment;

(B) computers;

(C) computer software;

(D) telecommunications equipment; or

(E) testing equipment;

(2) has not previously been used in Indiana for any purpose; and

(3) is acquired by the purchaser for the purpose of research and development activities devoted directly and exclusively to experimental or laboratory research and development for:

(A) new products;

(B) new uses of existing products; or

(C) improving or testing existing products.

(c) A retail transaction:

(1) involving research and development equipment; and

(2) occurring after June 30, 2007;

is exempt from the state gross retail tax.

SECTION 33. IC 6-2.5-6-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. (a) As used in this section, "research and development equipment" has the meaning set forth in IC 6-2.5-5-39.

(b) A person is entitled to a refund equal to fifty percent (50%) of the gross retail tax paid by the person under this article in a retail transaction occurring after June 30, 2005, and before July 1, 2007, to acquire research and development equipment.

**(c) To receive the refund provided by this section, a person must claim the refund under IC 6-8.1-9 in the manner prescribed by the department.**

SECTION 34. IC 6-3-4-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4.1. (a) This section applies to taxable years beginning after December 31, 1993.

(b) Any individual required by the Internal Revenue Code to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, in applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.

(c) Every individual who has adjusted gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than four hundred dollars (\$400). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

(d) Every corporation subject to the adjusted gross income tax liability imposed by this article shall be required to report and pay an estimated tax equal to twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year. A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and forms for such reporting and payment.

(e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (d) or (g). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax which equal or exceed:

- (1) twenty percent (20%) of the final tax liability for such taxable year; or
- (2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the corporation's final adjusted gross income tax liability for such taxable year.

(f) The provisions of subsection (d) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability

which, after application of the credit allowed by IC 6-3-3-2 (repealed), shall exceed one thousand dollars (\$1,000) for its taxable year.

(g) If the department determines that a corporation's:

- (1) estimated quarterly adjusted gross income tax liability for the current year; or
- (2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds, before January 1, 1998, twenty thousand dollars (\$20,000), and, after December 31, 1997, ten thousand dollars (\$10,000), after the credit allowed by IC 6-3-3-2 (repealed), the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(h) **Subject to subsection (i)**, if a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.

**(i) The reports required by the department to administer the county income tax under IC 6-11-11 shall be filed on the schedule determined by the department.**

SECTION 35. IC 6-3-4-8.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 8.1. (a) Any entity that is required to file a monthly return and make a monthly remittance of taxes under sections 8, 12, 13, and 15 of this chapter shall file those returns and make those remittances twenty (20) days (rather than thirty (30) days) after the end of each month for which those returns and remittances are filed, if that entity's average monthly remittance for the immediately preceding calendar year exceeds one thousand dollars (\$1,000).

(b) The department may require any entity to make the entity's monthly remittance and file the entity's monthly return twenty (20) days (rather than thirty (30) days) after the end of each month for which a return and payment are made if the department estimates that the entity's average monthly payment for the current calendar year will exceed one thousand dollars (\$1,000).

(c) If a person files a combined sales and withholding tax report and either this section or IC 6-2.5-6-1 requires the sales or withholding tax report to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(d) If the department determines that an entity's:

- (1) estimated monthly withholding tax remittance for the current year; or
- (2) average monthly withholding tax remittance for the preceding year;

exceeds ten thousand dollars (\$10,000), the entity shall remit the monthly withholding taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the remittance is due.

(e) **Subject to subsection (f)**, if an entity's withholding tax remittance is made by electronic fund transfer, the entity is not required to file a monthly withholding tax return.

(f) The reports required by the department to administer the county income tax under IC 6-11-11 shall be filed on the schedule determined by the department.

SECTION 36. IC 6-3.1-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this chapter:

"Base amount" means base amount (as defined in Section 41(c) of the Internal Revenue Code as in effect on January 1, 2001).

"Base period Indiana qualified research expense" means base period research expense that is incurred for research conducted in Indiana:

"Base period research expense" means base period research expense (as defined in Section 41(c) of the Internal Revenue Code before January 1, 1990):

"Indiana qualified research expense" means qualified research expense that is incurred for research conducted in Indiana.

"Qualified research expense" means qualified research expense (as defined in Section 41(b) of the Internal Revenue Code as in effect on January 1, 2001).

"Pass through entity" means:

- (1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) a partnership;
- (3) a limited liability company; or
- (4) a limited liability partnership.

"Research expense tax credit" means a credit provided under this chapter against any tax otherwise due and payable under IC 6-3.

"Taxpayer" means an individual, a corporation, a limited liability company, a limited liability partnership, a trust, or a partnership that has any tax liability under IC 6-3 (adjusted gross income tax).

SECTION 37. IC 6-3.1-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) A taxpayer who incurs Indiana qualified research expense in a particular taxable year is entitled to a research expense tax credit for the taxable year. ~~in~~

(b) For Indiana qualified research expense incurred before January 1, 2008, the amount of the research expense tax credit is equal to the product of ~~(1)~~ ten percent (10%) multiplied by ~~(2)~~ the remainder of:

(1) the taxpayer's Indiana qualified research expenses for the taxable year; minus

~~(A) the taxpayer's base period Indiana qualified research expenses; for taxable years beginning before January 1, 1990; or~~

~~(B) (2) the taxpayer's base amount. for taxable years beginning after December 31, 1989.~~

(c) For Indiana qualified research expense incurred after December 31, 2007, the amount of the research expense tax credit is determined under STEP FOUR of the following formula:

STEP ONE: Subtract the taxpayer's base amount from the taxpayer's Indiana qualified research expense for the taxable year.

STEP TWO: Multiply the lesser of:

(A) one million dollars (\$1,000,000); or

(B) the STEP ONE remainder;

by fifteen percent (15%).

STEP THREE: If the STEP ONE remainder exceeds one million dollars (\$1,000,000), multiply the amount of that excess by ten percent (10%).

STEP FOUR: Add the STEP TWO and STEP THREE products.

SECTION 38. IC 6-3.1-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3. (a) The amount of the credit provided by this chapter that a taxpayer uses during a particular taxable year may not exceed the sum of the taxes imposed by IC 6-3 for the taxable year after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter. If the credit provided by this chapter exceeds that sum for the taxable year for which the credit is first claimed, then the excess may be carried over to succeeding taxable years and used as a credit against the tax otherwise due and payable by the taxpayer under IC 6-3 during those taxable years. Each time that the credit is carried over to a succeeding taxable year, it is to be reduced by the amount which was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for ~~fifteen (15)~~ ten (10) taxable years following the unused credit year.

(b) A credit earned by a taxpayer in a particular taxable year shall be applied against the taxpayer's tax liability for that taxable year before any credit carryover is applied against that liability under subsection (a).

(c) A taxpayer is not entitled to any carryback or refund of any unused credit.

SECTION 39. IC 6-3.1-4-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) If a pass through entity does not have state income tax liability against which the research expense tax credit may be applied, a shareholder, ~~or~~ partner, ~~or member~~ of the pass through entity is entitled to a research expense tax credit equal to:

- (1) the research expense tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, ~~or~~ partner, ~~or member~~ is entitled.

(b) The credit provided under subsection (a) is in addition to a research expense tax credit to which a shareholder, ~~or~~ partner, ~~or member~~ of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and a shareholder, ~~or~~ partner, ~~or member~~ of the pass through entity may not claim a credit under this chapter for the same qualified research expenses.

SECTION 40. IC 6-3.1-7-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. The department shall annually compile and report to the Indiana economic development corporation the following information:

- (1) The number of tax credits claimed under this chapter for returns processed during the preceding state fiscal year.
- (2) The total amount of the claims for tax credits described in subdivision (1).
- (3) For each enterprise zone, the number and amount of the claims for tax credits described in subdivision (1) that are attributable to loans made to businesses located in the

**enterprise zone.**

SECTION 41. IC 6-3.1-20-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) The department shall before July 1 of each year determine the amount of credits allowed under this chapter for taxable years ending before January 1 of the year.

(b) One-half (1/2) of the amount determined by the department under subsection (a) shall be:

- (1) deducted during the year from the riverboat admissions tax revenue otherwise payable to the county under ~~IC 4-33-12-6(d)(2)~~; **IC 4-33-12-6(b)(1)**; and
- (2) paid instead to the state general fund.

(c) One-sixth (1/6) of the amount determined by the department under subsection (a) shall be:

- (1) deducted during the year from the riverboat admissions tax revenue otherwise payable under ~~IC 4-33-12-6(d)(1)~~ **IC 4-33-12-6(b)(1)** to each of the following:
  - (A) The largest city by population located in the county.
  - (B) The second largest city by population located in the county.
  - (C) The third largest city by population located in the county; and
- (2) paid instead to the state general fund.

SECTION 42. IC 6-3.1-24-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 3. As used in this chapter, "qualified investment capital" means debt or equity capital that is provided to a qualified Indiana business after December 31, 2003. **However, the term does not include debt that:**

- (1) is provided by a financial institution (as defined in IC 5-13-4-10) after May 15, 2005; and**
- (2) is secured by a valid mortgage, security agreement, or other agreement or document that establishes a collateral or security position for the financial institution that is senior to all collateral or security interests of other taxpayers that provide debt or equity capital to the qualified Indiana business.**

SECTION 43. IC 6-3.1-24-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: Sec. 7. (a) The department of commerce shall certify that a business is a qualified Indiana business if the department determines that the business:

- (1) has its headquarters in Indiana;
- (2) is primarily focused on **professional motor vehicle racing**, commercialization of research and development, technology transfers, or the application of new technology, or is determined by the department of commerce to have significant potential to:
  - (A) bring substantial capital into Indiana;
  - (B) create jobs;
  - (C) diversify the business base of Indiana; or
  - (D) significantly promote the purposes of this chapter in any other way;
- (3) has had average annual revenues of less than ten million dollars (\$10,000,000) in the two (2) years preceding the year in which the business received qualified investment capital from a taxpayer claiming a credit under this chapter;
- (4) has:

- (A) at least fifty percent (50%) of its employees residing in Indiana; or
- (B) at least seventy-five percent (75%) of its assets located in Indiana; and

(5) is not engaged in a business involving:

- (A) real estate;
- (B) real estate development;
- (C) insurance;
- (D) professional services provided by an accountant, a lawyer, or a physician;
- (E) retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the Internet; or
- (F) oil and gas exploration.

(b) A business shall apply to be certified as a qualified Indiana business on a form prescribed by the department of commerce.

(c) If a business is certified as a qualified Indiana business under this section, the department of commerce shall provide a copy of the certification to the investors in the qualified Indiana business for inclusion in tax filings.

(d) The department of commerce may impose an application fee of not more than two hundred dollars (\$200).

SECTION 44. IC 6-3.1-24-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: Sec. 9. (a) The total amount of tax credits that may be allowed under this chapter in a particular calendar year for qualified investment capital provided during that calendar year may not exceed ~~ten~~ **twelve million five hundred thousand** dollars (~~\$10,000,000~~; **\$12,500,000**). The department of commerce may not certify a proposed investment plan under section 12.5 of this chapter if the proposed investment would result in the total amount of the tax credits certified for the calendar year exceeding ~~ten~~ **twelve million five hundred thousand** dollars (~~\$10,000,000~~; **\$12,500,000**). An amount of an unused credit carried over by a taxpayer from a previous calendar year may not be considered in determining the amount of proposed investments that the department of commerce may certify under this chapter.

(b) Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for providing qualified investment capital to a qualified Indiana business after December 31, 2008. However, this subsection may not be construed to prevent a taxpayer from carrying over to a taxable year beginning after December 31, 2008, an unused tax credit attributable to an investment occurring before January 1, 2009.

SECTION 45. IC 6-3.1-24-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 12. If the amount of the credit determined under section 10 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess **credit** over **for a period not to exceed** the taxpayer's following **five (5)** taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback or a refund of any unused credit amount.

SECTION 46. IC 6-3.1-24-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: Sec. 12.5. (a) A taxpayer wishing to obtain a credit under this



chapter must apply to the department of commerce for a certification that the taxpayer's proposed investment plan would qualify for a credit under this chapter.

- (b) The application required under subsection (a) must include:
- (1) the name and address of the taxpayer;
  - (2) the name and address of each proposed recipient of the taxpayer's proposed investment;
  - (3) the amount of the proposed investment;
  - (4) a copy of the certification issued under section 7 of this chapter that the proposed recipient is a qualified Indiana business; and
  - (5) any other information required by the department of commerce.

(c) If the department of commerce determines that:

- (1) the proposed investment would qualify the taxpayer for a credit under this chapter; and
- (2) the amount of the proposed investment would not result in the total amount of tax credits certified for the calendar year exceeding ~~ten~~ **twelve million five hundred thousand** dollars ~~(\$10,000,000); (\$12,500,000);~~

the department of commerce shall certify the taxpayer's proposed investment plan.

(d) To receive a credit under this chapter, the taxpayer must provide qualified investment capital to a qualified Indiana business according to the taxpayer's certified investment plan within two (2) years after the date on which the department of commerce certifies the investment plan.

(e) Upon making the investment required under subsection (d), the taxpayer shall provide proof of the investment to the department of commerce.

(f) Upon receiving proof of a taxpayer's investment under subsection (e), the department of commerce shall issue the taxpayer a certificate indicating that the taxpayer has fulfilled the requirements of the department of commerce and that the taxpayer is entitled to a credit under this chapter.

(g) A taxpayer forfeits the right to a tax credit attributable to an investment certified under subsection (c) if the taxpayer fails to make the proposed investment within the period required under subsection (d).

SECTION 47. IC 6-3.1-26-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: **Sec. 5.5. As used in this chapter, "motion picture or audio production" means a:**

- (1) feature length film;
- (2) video;
- (3) television series;
- (4) commercial;
- (5) music video or an audio recording; or
- (6) corporate production;

**for any combination of theatrical, television, or other media viewing or as a television pilot. The term does not include a motion picture that is obscene (as described in IC 35-49-2-1) or television coverage of news or athletic events.**

SECTION 48. IC 6-3.1-26-8, AS AMENDED BY P.L.4-2005, SECTION 103, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 8. (a) As used in this chapter, "qualified investment" means the amount of the taxpayer's expenditures **in Indiana** for:

- (1) the purchase of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing equipment;
- (2) the purchase of new computers and related equipment;
- (3) costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing facilities;
- (4) onsite infrastructure improvements;
- (5) the construction of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing facilities;
- (6) costs associated with retooling existing machinery and equipment; ~~and~~
- (7) costs associated with the construction of special purpose buildings and foundations for use in the computer, software, biological sciences, or telecommunications industry; ~~and~~
- (8) costs associated with the purchase, before January 1, 2008, of machinery, equipment, or special purpose buildings used to make motion pictures or audio productions;**

that are certified by the corporation under this chapter as being eligible for the credit under this chapter.

(b) The term does not include property that can be readily moved outside Indiana.

SECTION 49. IC 6-3.1-26-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. ~~(a)~~ The total amount of a tax credit claimed **for a taxable year** under this chapter equals ~~thirty ten~~ percent ~~(30%)~~ **(10%)** of the amount of a qualified investment made by the taxpayer in Indiana **during that taxable year.**

~~(b) In the taxable year in which a taxpayer makes a qualified investment, the taxpayer may claim a credit under this chapter in an amount equal to the lesser of:~~

- ~~(1) thirty percent (30%) of the amount of the qualified investment; or~~
- ~~(2) the taxpayer's state tax liability growth.~~

The taxpayer may carry forward any unused credit.

SECTION 50. IC 6-3.1-26-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15. (a) A taxpayer may carry forward an unused credit for not more than ~~nine (9)~~ **five (5)** consecutive taxable years beginning with the taxable year after the taxable year in which the taxpayer makes the qualified investment.

(b) The amount that a taxpayer may carry forward to a particular taxable year under this section equals the ~~lesser of the following:~~

- ~~(1) The taxpayer's state tax liability growth.~~
- ~~(2) The unused part of a credit allowed under this chapter.~~

(c) A taxpayer may:

- (1) claim a tax credit under this chapter for a qualified investment; and
- (2) carry forward a remainder for one (1) or more different qualified investments;

in the same taxable year.

(d) The total amount of each tax credit claimed under this chapter may not exceed ~~thirty ten~~ percent ~~(30%)~~ **(10%)** of the qualified investment for which the tax credit is claimed.

SECTION 51. IC 6-3.1-26-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. After receipt of an application, the **board corporation** may enter into an agreement with the applicant for a credit under this chapter if the **board corporation** determines that all the following conditions exist:

~~(1)~~ The applicant has conducted business in Indiana for at least one ~~(1)~~ year immediately preceding the date the application is received.

~~(2)~~ (1) The applicant's project will raise the total earnings of employees of the applicant in Indiana.

~~(3)~~ (2) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana.

~~(4)~~ (3) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not raising the total earnings of employees in Indiana.

~~(5)~~ (4) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

~~(6)~~ (5) The credit is not prohibited by section 19 of this chapter.

~~(7)~~ (6) The average wage that will be paid by the taxpayer to its employees (excluding highly compensated employees) at the location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

SECTION 52. IC 6-6-9.7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 7. (a) The city-county council of a county that contains a consolidated city may adopt an ordinance to impose an excise tax, known as the county supplemental auto rental excise tax, upon the rental of passenger motor vehicles and trucks in the county for periods of less than thirty (30) days. The ordinance must specify that the tax expires December 31, 2027.

(b) **Except as provided in subsection (c),** the county supplemental auto rental excise tax that may be imposed upon the rental of a passenger motor vehicle or truck equals two percent (2%) of the gross retail income received by the retail merchant for the rental.

(c) **On or before June 30, 2005, the city-county council may, by ordinance adopted by a majority of the members elected to the city-county council, increase the tax imposed under subsection (a) from two percent (2%) to four percent (4%). The ordinance must specify that the original two percent (2%) rate imposed under subsection (a) continues to be levied after its original expiration date set forth in subsection (a), and that both the original rate and the additional rate in the aggregate of four percent (4%) expire on December 31, 2040.**

(d) The amount collected from that portion of county supplemental auto rental excise tax imposed under subsection (c) shall, in the manner provided by section 11 of this chapter, be distributed to the capital improvement board of managers operating in a consolidated city or its designee. So long as there are any current or future obligations owed by the capital improvement board of managers to the Indiana stadium and convention building authority created by IC 5-1-17 or any state agency pursuant to a lease or other agreement entered into

**between the capital improvement board of managers and the Indiana stadium and convention building authority or any state agency under IC 5-1-17-26(b), the capital improvement board of managers or its designee shall deposit the revenues received from that portion of the county supplemental auto rental excise tax imposed under subsection (c) in a special fund, which may be used only for the payment of the obligations described in this subsection.**

~~(e)~~ (e) If a city-county council adopts an ordinance under subsection (a) **or (c)**, the city-county council shall immediately send a certified copy of the ordinance to the commissioner of the department of state revenue.

~~(f)~~ (f) If a city-county council adopts an ordinance under subsection (a) **or (c)** prior to June 1, the county supplemental auto rental excise tax applies to auto rentals after June 30 of the year in which the ordinance is adopted. If the city-county council adopts an ordinance under subsection (a) **or (c)** on or after June 1, the county supplemental auto rental excise tax applies to auto rentals after the last day of the month in which the ordinance is adopted.

SECTION 53. IC 6-6-9.7-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 12. This chapter expires ~~January 1, 2028:~~ **December 31, 2040.**

SECTION 54. IC 6-7-1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. (a) The following taxes are imposed and shall be collected and paid as provided in this chapter upon the sale, exchange, bartering, furnishing, giving away, or otherwise disposing of cigarettes within the state of Indiana:

(1) On cigarettes weighing not more than three (3) pounds per thousand (1,000), a tax at the rate of ~~two and seven hundred seventy-five thousandths~~ **three and five hundred twenty-five thousandths** of a cent (~~\$0.02775~~) (**\$0.03525**) per individual cigarette.

(2) On cigarettes weighing more than three (3) pounds per thousand (1,000), a tax at the rate of ~~three and six thousand eight hundred eighty-one ten-thousandths~~ **four and six hundred eighty-five thousandths** of a cent (~~\$0.036881~~) (**\$0.04685**) per individual cigarette, except that if any cigarettes weighing more than three (3) pounds per thousand (1,000) shall be more than six and one-half (6 1/2) inches in length, they shall be taxable at the rate provided in subdivision (1), counting each two and three-fourths (2 3/4) inches (or fraction thereof) as a separate cigarette.

(b) Upon all cigarette papers, wrappers, or tubes, made or prepared for the purpose of making cigarettes, which are sold, exchanged, bartered, given away, or otherwise disposed of within the state of Indiana (other than to a manufacturer of cigarettes for use by ~~him~~ **the manufacturer** in the manufacture of cigarettes), the following taxes are imposed, and shall be collected and paid as provided in this chapter:

(1) On fifty (50) papers or less, a tax of one-half cent (\$0.005).

(2) On more than fifty (50) papers but not more than one hundred (100) papers, a tax of one cent (\$0.01).

(3) On more than one hundred (100) papers, one-half cent (\$0.005) for each fifty (50) papers or fractional part thereof.

(4) On tubes, one cent (\$0.01) for each fifty (50) tubes or fractional part thereof.

SECTION 55. IC 6-7-1-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. (a) Distributors who hold certificates and retailers shall be agents of the state in the collection of the taxes imposed by this chapter and the amount of the tax levied, assessed, and imposed by this chapter on cigarettes sold, exchanged, bartered, furnished, given away, or otherwise disposed of by distributors or to retailers. Distributors who hold certificates shall be agents of the department to affix the required stamps and shall be entitled to purchase the stamps from the department at a discount of ~~one and two-tenths ninety-five hundredths percent (1.2%)~~ **(0.95%)** of the amount of the tax stamps purchased, as compensation for their labor and expense.

(b) The department may permit distributors who hold certificates and who are admitted to do business in Indiana to pay for revenue stamps within thirty (30) days after the date of purchase. However, the privilege is extended upon the express condition that:

- (1) except as provided in subsection (c), a bond or letter of credit satisfactory to the department, in an amount not less than the sales price of the stamps, is filed with the department; and
- (2) proof of payment is made of all local property, state income, and excise taxes for which any such distributor may be liable. The bond or letter of credit, conditioned to secure payment for the stamps, shall be executed by the distributor as principal and by a corporation duly authorized to engage in business as a surety company or financial institution in Indiana.

(c) If a distributor has at least five (5) consecutive years of good credit standing with the state, the distributor shall not be required to post a bond or letter of credit under subsection (b).

SECTION 56. IC 6-7-1-28.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 28.1. The taxes, registration fees, fines, or penalties collected under this chapter shall be deposited in the following manner:

- (1) ~~Six and six-tenths percent (6.6%)~~ **Five and forty-one hundredths percent (5.41%)** of the money shall be deposited in a fund to be known as the cigarette tax fund.
- (2) ~~Ninety-four hundredths percent (0.94%)~~ **Seventy-seven hundredths percent (0.77%)** of the money shall be deposited in a fund to be known as the mental health centers fund.
- (3) ~~Eighty-three and ninety-seven hundredths percent (83.97%)~~ **Eighty-six and eighty-six hundredths percent (86.86%)** of the money shall be deposited in the state general fund.
- (4) ~~Eight and forty-nine hundredths percent (8.49%)~~ **Six and ninety-six hundredths percent (6.96%)** of the money shall be deposited into the pension relief fund established in IC 5-10.3-11.

The money in the cigarette tax fund, the mental health centers fund, or the pension relief fund at the end of a fiscal year does not revert to the state general fund. However, if in any fiscal year, the amount allocated to a fund under subdivision (1) or (2) is less than the amount received in fiscal year 1977, then that fund shall be credited with the difference between the amount allocated and the amount received in fiscal year 1977, and the allocation for the fiscal year to the fund under subdivision (3) shall be reduced by the amount of that difference.

SECTION 57. IC 6-9-8-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 3. (a) ~~Except as provided in subsection (b);~~ The tax imposed by section 2 of this chapter shall be at the rate of:

- (1) before January 1, 2028, five percent (5%) on the gross income derived from lodging income only, ~~plus an additional one percent (1%)~~ if the fiscal body ~~does not adopt~~ **adopts** an ordinance under subsection (b), and ~~six percent (6%)~~ **plus an additional three percent (3%)** if the fiscal body adopts an ordinance under subsection ~~(b);~~ **(d); and**
- (2) after December 31, 2027, ~~and before January 1, 2041,~~ **five percent (5%) plus an additional three percent (3%) if the fiscal body adopts an ordinance under subsection (d); and**
- (3) after December 31, 2040,** five percent (5%).

(b) In any year subsequent to the initial year in which a tax is imposed under section 2 of this chapter, the fiscal body may, by ordinance adopted by at least two-thirds (2/3) of the members elected to the fiscal body, increase the tax imposed by section 2 of this chapter from five percent (5%) to six percent (6%). The ordinance must specify that the increase in the tax authorized under this subsection expires January 1, 2028.

(c) The amount collected from an increase adopted under subsection (b) shall be transferred to the capital improvement board of managers established by IC 36-10-9-3. The board shall deposit the revenues received under this subsection in a special fund. Money in the special fund may be used only for the payment of obligations incurred to expand a convention center, including:

- (1) principal and interest on bonds issued to finance or refinance the expansion of a convention center; and
- (2) lease agreements entered into to expand a convention center.

**(d) On or before June 30, 2005, the fiscal body may, by ordinance adopted by a majority of the members elected to the fiscal body, increase the tax imposed by section 2 of this chapter by an additional three percent (3%) to a total rate of eight percent (8%) (or 9% if the fiscal body has adopted an ordinance under subsection (b) and that rate remains in effect). The ordinance must specify that the increase in the tax authorized under this subsection expires December 31, 2040. If the fiscal body adopts an ordinance under this subsection, it shall immediately send a certified copy of the ordinance to the commissioner of the department of state revenue, and the increase in the tax imposed under this chapter applies to transactions that occur after June 30, 2005.**

(e) The amount collected from an increase adopted under subsection (d) shall be transferred to the capital improvement board of managers established by IC 36-10-9-3 or its designee. So long as there are any current or future obligations owed by the capital improvement board of managers to the Indiana stadium and convention building authority created by IC 5-1-17 or any state agency pursuant to a lease or other agreement entered into between the capital improvement board of managers and the Indiana stadium and convention building authority or any state agency pursuant to IC 5-1-17-26(b), the capital improvement board of managers or its designee shall deposit the revenues received under this subsection in a special fund, which may be used only for the payment of the obligations

described in this subsection.

SECTION 58. IC 6-9-12-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 5. (a) **Subject to subsection (b)**, the county food and beverage tax imposed on a food or beverage transaction described in section 3 of this chapter equals one percent (1%) of the gross retail income received by the retail merchant from the transaction. **The tax authorized under this subsection expires January 1, 2041.**

(b) **On or before June 30, 2005, the city-county council of a county may, by a majority vote of the members elected to the city-county council, adopt an ordinance that increases the tax imposed under this chapter by an additional rate of one percent (1%) to a total rate of two percent (2%). The ordinance must specify that the increase in the tax authorized under this subsection expires January 1, 2041. If a city-county council adopts an ordinance under this subsection, it shall immediately send a certified copy of the ordinance to the commissioner of the department of state revenue, and the increase in the tax imposed under this chapter applies to transactions that occur after June 30, 2005.**

(c) For purposes of this chapter, the gross retail income received by the retail merchant from such a transaction **that is subject to the tax imposed by this chapter** does not include the amount of tax imposed on the transaction under IC 6-2.5.

SECTION 59. IC 6-9-12-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 8. The amounts received from the county food and beverage tax shall be paid monthly by the treasurer of the state to the treasurer of the capital improvement board of managers of the county **or its designee** upon warrants issued by the auditor of state. **So long as there are any current or future obligations owed by the capital improvement board of managers to the Indiana stadium and convention building authority created by IC 5-1-17 or any state agency pursuant to a lease or other agreement entered into between the capital improvement board of managers and the Indiana stadium and convention building authority or any state agency pursuant to IC 5-1-17-26(b), the capital improvement board of managers or its designee shall deposit the revenues received from that portion of the county food and beverage tax imposed under section 5(b) of this chapter in a special fund, which may be used only for the payment of the obligations described in this section.**

SECTION 60. IC 6-9-13-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 1. (a) Except as provided in subsection (b), the city-county council of a county that contains a consolidated first class city may adopt an ordinance to impose an excise tax, known as the county admissions tax, for the privilege of attending, before January 1, ~~2028~~, **2041**, any event and, after December 31, ~~2027~~, **2040**, any professional sporting event:

- (1) held in a facility financed in whole or in part by bonds or notes issued under IC 18-4-17 (before its repeal on September 1, 1981), IC 36-10-9, or IC 36-10-9.1; and
- (2) to which tickets are offered for sale to the public by:
  - (A) the box office of the facility; or
  - (B) an authorized agent of the facility.

(b) The excise tax imposed under subsection (a) does not apply to the following:

- (1) An event sponsored by an educational institution or an association representing an educational institution.
- (2) An event sponsored by a religious organization.
- (3) An event sponsored by an organization that is considered a charitable organization by the Internal Revenue Service for federal tax purposes.
- (4) An event sponsored by a political organization.

(c) If a city-county council adopts an ordinance under subsection (a), it shall immediately send a certified copy of the ordinance to the commissioner of the department of state revenue.

(d) If a city-county council adopts an ordinance under subsection (a) **or section 2 of this chapter** prior to June 1, the county admissions tax applies to admission charges collected after June 30 of the year in which the ordinance is adopted. If the city-county council adopts an ordinance under subsection (a) **or section 2 of this chapter** on or after June 1, the county admissions tax applies to admission charges collected after the last day of the month in which the ordinance is adopted.

SECTION 61. IC 6-9-13-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 2. (a) **Except as provided in subsection (b)**, the county admissions tax equals five percent (5%) of the price for admission to any event described in section 1 of this chapter.

(b) **On or before June 30, 2005, the city-county council may, by ordinance adopted by a majority of the members elected to the city-county council, increase the county admissions tax from five percent (5%) to six percent (6%) of the price for admission to any event described in section 1 of this chapter, plus:**

- (1) **three dollars (\$3) for each admission to a professional sporting event described in section 1 of this chapter; and**
- (2) **one dollar (\$1) for each admission to any other event described in section 1 of this chapter.**

(c) **The amount collected from that portion of the county admissions tax imposed under subsection (b) shall be distributed to the capital improvement board of managers or its designee. So long as there are any current or future obligations owed by the capital improvement board of managers to the Indiana stadium and convention building authority created by IC 5-1-17 or any state agency pursuant to a lease or other agreement entered into between the capital improvement board of managers and the Indiana stadium and convention building authority or any state agency pursuant to IC 5-1-17-26(b), the capital improvement board of managers or its designee shall deposit the revenues received from that portion of the county admissions tax imposed under subsection (b) in a special fund, which may be used only for the payment of the obligations described in this subsection.**

SECTION 62. IC 6-9-13-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 3. (a) **Subject to subsection (c)**, each person who pays a price for admission to any event described in section 1(a) of this chapter is liable for the tax imposed under this chapter.

(b) **Subject to subsection (c)**, the person who collects the price for admission shall also collect the county admissions tax imposed with respect to the price for admission. The person shall collect the tax at the same time the price for admission is paid, regardless of whether the price paid is for a single admission, for season tickets, or for any other admission arrangement. In addition, the person

shall collect the tax as an agent of the state and the county in which the facility described in section 1 of this chapter is located.

(c) A person who is liable for the tax imposed under section 1 of this chapter is entitled to a credit against that part of the tax liability due under section 2(b)(1) of this chapter if:

- (1) the tax liability is with respect to attendance at a professional sporting event described in section 1 of this chapter;
- (2) the event is conducted at a facility that was financed, constructed, or acquired in the manner provided by IC 5-1-17; and
- (3) the professional sports team conducting the event has contributed or agreed to make payments to the capital improvement board of managers or its designee that are sufficient, as determined by the Indiana stadium and convention building authority, to replace all or part of the tax liability due under section 2(b)(1) of this chapter that would otherwise be required to enable the capital improvement board of managers to meet any current or future obligations owed to the Indiana stadium and convention building authority created by IC 5-1-17 or any state agency pursuant to a lease or other agreement entered into between the capital improvement board of managers and the Indiana stadium and convention building authority or any state agency pursuant to IC 5-1-17-26(b).

(d) The budget agency shall:

- (1) in consultation with the Indiana stadium and convention building authority and the department of state revenue, establish a method for computing the amount of the credit described in subsection (c); and
- (2) submit the method established under subdivision (1) to the budget committee for its review and recommendation.

SECTION 63. IC 6-9-35 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]:

**Chapter 35. Stadium and Convention Building Food and Beverage Tax Funding**

Sec. 1. This chapter applies to Boone, Johnson, Hamilton, Hancock, Hendricks, Morgan, and Shelby counties (referred to as counties in this chapter) and to the city or town of Avon, Carmel, Fishers, Franklin, Greenfield, Greenwood, Lebanon, Martinsville, Noblesville, and Westfield that are located in those counties (referred to as political subdivisions in this chapter).

Sec. 2. The definitions in IC 6-9-12-1 and IC 36-1-2 apply throughout this chapter.

Sec. 3 As used in this chapter, "authority" refers to the Indiana stadium and convention building authority created by IC 5-1-17.

Sec. 4. As used in this chapter, "capital improvement board" means the capital improvement board of managers created by IC 36-10-9-3.

Sec. 5. (a) Except as provided in subsection (d), the fiscal body of a county may adopt an ordinance no later than July 31, 2005, to impose an excise tax, known as the food and beverage tax, on those transactions described in sections 8 and 9 of this chapter that occur anywhere within the county.

(b) Except as provided in subsection (d), if the county in which the political subdivision is located has adopted an ordinance imposing an excise tax under subsection (a), the fiscal body of a political subdivision may adopt an ordinance no later than September 30, 2005, to impose an excise tax, known as the food and beverage tax, on those transactions described in sections 8 and 9 of this chapter that occur anywhere within the political subdivision.

(c) The rate of the tax imposed under this chapter equals one percent (1%) of the gross retail income on the transaction. With respect to an excise tax in the political subdivisions set forth in IC 6-9-27-1(1) (Mooresville), IC 6-9-27-1(3) (Plainfield) and IC 6-9-27-1(4) (Brownsburg), the excise tax imposed by the county is in addition to the food and beverage tax imposed by those political subdivisions. With respect to an excise tax imposed by a county under subsection (a), the excise tax imposed by a political subdivision under subsection (b) is in addition to the food and beverage tax imposed by the county in which the political subdivision is located. For the purposes of this chapter, the gross retail income received by the retail merchant from such a transaction does not include the amount of tax imposed on the transaction under IC 6-2.5, IC 6-9-27, or this chapter.

(d) If the Marion County city-county council does not adopt all the ordinances required to be adopted by it under IC 5-1-17-25 on or before June 30, 2005, the counties and political subdivisions described in section 1 of this chapter are no longer subject to the provisions of this chapter. In that event, the fiscal body of the county or political subdivision may not adopt an ordinance to impose the excise tax authorized by this chapter, and any ordinance adopted by the fiscal body under subsection (a) or (b) is no longer effective.

Sec. 6. If a fiscal body adopts an ordinance under section 5 of this chapter, the clerk shall immediately send a certified copy of the ordinance to the commissioner of the department of state revenue.

Sec. 7. If a fiscal body adopts an ordinance under section 5 of this chapter, the food and beverage tax applies to transactions that occur after July 31, 2005.

Sec. 8. Except as provided in section 10 of this chapter, a tax imposed under section 5 of this chapter applies to any transaction in which food or beverage is furnished, prepared, or served:

- (1) for consumption at a location, or on equipment, provided by a retail merchant;
- (2) in the county or political subdivision, or both, in which the tax is imposed; and
- (3) by a retail merchant for consideration.

Sec. 9. Transactions described in section 8(1) of this chapter include transactions in which food or beverage is:

- (1) served by a retail merchant off the merchant's premises;
- (2) food sold in a heated state or heated by a retail merchant;
- (3) two (2) or more food ingredients mixed or combined by a retail merchant for sale as a single item (other than food that is only cut, repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry, and foods containing these

raw animal foods requiring cooking by the consumer as recommended by the federal Food and Drug Administration in chapter 3, subpart 3-401.11 of its Food Code so as to prevent food borne illnesses); or

(4) food sold with eating utensils provided by a retail merchant, including plates, knives, forks, spoons, glasses, cups, napkins, or straws (for purposes of this subdivision, a plate does not include a container or packaging used to transport the food).

Sec. 10. The food and beverage tax under this chapter does not apply to the furnishing, preparing, or serving of any food or beverage in a transaction that is exempt, or to the extent exempt, from the state gross retail tax imposed by IC 6-2.5.

Sec. 11. The tax that may be imposed under this chapter shall be imposed, paid, and collected in the same manner that the state gross retail tax is imposed, paid, and collected under IC 6-2.5. However, the return to be filed for the payment of the taxes may be made on separate returns or may be combined with the return filed for the payment of the state gross retail tax, as prescribed by the department of state revenue.

Sec. 12. (a) So long as there are any current or future obligations owed by the capital improvement board to the authority or any state agency under a lease or other agreement entered into between the capital improvement board and the authority or any state agency pursuant to IC 5-1-17-26(b), fifty percent (50%) of the amounts received from the taxes imposed under this chapter by counties shall be paid monthly by the treasurer of state to the treasurer of the capital improvement board or its designee upon warrants issued by the auditor of state and the remainder shall be paid monthly by the treasurer of state to the county fiscal officer upon warrants issued by the auditor of state. In any state fiscal year, if the aggregate amount of the taxes imposed under this chapter by all the counties and paid to the treasurer of the capital improvement board or its designee under this subsection equals five million dollars (\$5,000,000), the entire remainder of the taxes imposed by a county under this chapter during that state fiscal year shall be paid by the treasurer of state to the fiscal officer of the county, upon warrants issued by the auditor of state.

(b) If there are then existing no obligations of the capital improvement board described in subsection (a), the entire amount received from the taxes imposed by a county under this chapter shall be paid monthly by the treasurer of state to the county fiscal officer upon warrants issued by the auditor of state.

(c) The entire amount of the taxes paid to the treasurer of the capital improvement board or its designee under subsection (a) shall be deposited in a special fund and used only for the payment of obligations of the capital improvement board described in subsection (a).

(d) The entire amount received from the taxes imposed by a political subdivision under this chapter shall be paid monthly by the treasurer of state to the political subdivision's fiscal officer upon warrants issued by the auditor of state.

Sec. 13. (a) If a tax is imposed under section 5 of this chapter, the county or political subdivision fiscal officer, or both, shall establish a food and beverage tax fund.

(b) The fiscal officer shall deposit in the fund all amounts

received by the fiscal officer under this chapter.

(c) Any money earned from the investment of money in the fund becomes a part of the fund.

Sec. 14. Money in the food and beverage tax fund shall be used by the county or political subdivision:

(1) to reduce the county's or political subdivision's property tax levy for a particular year at the discretion of the county or political subdivision, but this use does not reduce the maximum permissible levy under IC 6-1.1-18.5 for the county or political subdivision; or

(2) for the financing, construction, operation, or maintenance of the following:

(A) Sanitary sewers or wastewater treatment facilities.

(B) Park or recreational facilities.

(C) Drainage or flood control facilities.

(D) Drinking water treatment, storage, or distribution facilities.

(E) Roads and streets.

A county or political subdivision may pledge the money to bonds, leases, or other obligations under IC 5-1-14-4.

Sec. 15. (a) If there are no obligations of the capital improvement board described in section 12(a) of this chapter then outstanding and there are no bonds, leases or other obligations then outstanding for which a pledge has been made under section 14 of this chapter, the fiscal body may adopt an ordinance, after December 31, 2009, and before December 1, 2010, or any year thereafter, that repeals the ordinance adopted under section 5 of this chapter.

(b) An ordinance adopted under subsection (a) takes effect January 1 immediately following the date of its adoption. If the fiscal body adopts such an ordinance, the clerk shall immediately send a certified copy of the ordinance to the commissioner of the department of state revenue.

Sec. 16. With respect to obligations of the capital improvement board described in section 12(a) of this chapter and bonds, leases, or other obligations for which a pledge has been made under section 14 of this chapter, the general assembly covenants with the holders of these obligations that:

(1) this chapter will not be repealed or amended in any manner that will adversely affect the imposition or collection of the tax imposed under this chapter; and

(2) this chapter will not be amended in any manner that will change the purpose for which revenues from the tax imposed under this chapter may be used;

as long as the payment of any of those obligations is outstanding.

SECTION 64. IC 6-11 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

## ARTICLE 11. COUNTY INCOME TAX

### Chapter 1. Definitions

Sec. 1. The definitions in this chapter, IC 6-1.1, and IC 36-1-2 apply throughout this article.

Sec. 2. The definitions in this chapter, except sections 20 and 22 of this chapter, apply throughout IC 6-1.1-21, IC 6-12, IC 6-13, IC 6-14, IC 6-15, and IC 36-1-8-5.1.

Sec. 3. "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5.

Sec. 4. "Annual controlled tax increase" refers to the maximum amount by which the controlled taxes imposed for a political subdivision in an ensuing year may exceed the amount of controlled taxes imposed for a political subdivision in the immediately preceding year, as determined under IC 6-11-7.

Sec. 5. "Certified" refers to the certification by the department of a budget, tax, or tax rate under IC 6-13.

Sec. 6. "Controlled" means that a tax or tax rate is subject to the limitations imposed under IC 6-12. The term applies only to the following taxes:

- (1) Property taxes (other than property taxes that qualify as excluded taxes).
- (2) County income taxes (other than county income taxes that qualify as excluded taxes).

Sec. 7. "Controlled levy limit" refers to the maximum amount of controlled property taxes that are eligible for a state distribution under IC 6-1.1-21 to replace revenue lost from the granting of homestead credits under IC 6-1.1-20.9 and property tax replacement credits under IC 6-1.1-21-5.

Sec. 8. "Controlled tax limit" refers to the maximum total combination of controlled property taxes and controlled income taxes that may be imposed in a county in a year for a political subdivision, as determined under IC 6-12.

Sec. 9. "Council" refers to the county income tax council established in a county under IC 6-11-3.

Sec. 10. "County's total allowable tax increase amounts" refers to the sum of the annual controlled tax increases allowed in a county for each year after 2005.

Sec. 11. "Department" refers to the department of local government finance.

Sec. 12. "Eligible civil taxing unit" refers to a political subdivision eligible for a distribution of excluded taxes imposed under IC 6-11-8.

Sec. 13. "Excluded taxes" refers to any part of a:

- (1) property tax levy or property tax rate; or
- (2) county income tax or county income tax rate;

that is not subject to the limitations imposed under IC 6-12.

Sec. 14. "Imposed" refers:

- (1) with respect to a property tax, the year in which the property tax is first due and payable (or would be first due and payable if the statement for the property taxes had been mailed before the date specified in IC 6-1.1-22-8); and
- (2) with respect to an income tax, the year in which the tax is imposed on adjusted gross income regardless of when the tax is due.

Sec. 15. "Out-of-state resident", as it relates to a particular county, means an individual who:

- (1) is not a resident of the county on the date specified in IC 6-11-4;
- (2) maintains the individual's principal place of business or employment in the county on the date specified in IC 6-11-4; and
- (3) is not a resident of another Indiana county on the date specified in IC 6-11-4.

Sec. 16. "Political subdivision's total allowable tax increase amount" refers to the sum of the annual controlled tax increases allowed in a county for a particular political

subdivision for each year after 2005.

Sec. 17. "Property tax" refers to an ad valorem property tax.

Sec. 18. "Rainy day fund" refers to a political subdivision's rainy day fund established under IC 36-1-8-5.1.

Sec. 19. "Resident", as it relates to a particular county, means an individual who resides in the county on the date specified in IC 6-11-4.

Sec. 20. "Tax" refers to a county income tax.

Sec. 21. "Taxable property" means all tangible property that is subject to the tax imposed by IC 6-1.1 and is not exempt from the tax under IC 6-1.1-10 or any other law.

Sec. 22. "Taxpayer" refers to an individual who has tax liability in a county.

## Chapter 2. Exempt Political Subdivisions

Sec. 1. This article does not apply to a political subdivision that does not have the power to impose a property tax.

Sec. 2. A political subdivision that is exempted by this chapter from the application of this article is not eligible for an allocation of county income taxes. However, a political subdivision that is eligible for an allocation of county income taxes may assign any part of the political subdivision's allocation to an entity that is not eligible for an allocation under this article.

## Chapter 3. County Income Tax Council

Sec. 1. A council is established for each county in Indiana.

Sec. 2. The membership of each council consists of:

- (1) the fiscal body of the county;
- (2) the fiscal body of each city or town that lies either partially or entirely in the county; and
- (3) the fiscal body of each school corporation that lies partially or entirely in the county.

Sec. 3. (a) Every council has a total of one hundred fifty (150) votes. The county and each city and town that is located in any part in the county is allocated a percentage of a total one hundred (100) votes that may be cast. Each school corporation that is located in any part in the county is allocated a percentage of a total of fifty (50) votes that may be cast.

(b) Subject to subsection (d), the percentage of votes that a city or town is allocated for a year equals the same percentage that the population of the city or town bears to the population of the county. In the case of a city or town that lies within more than one (1) county, the county auditor of each county shall base the allocations required by subsection (a) on the population of that part of the city or town that lies within the county for which the allocations are being made.

(c) Subject to subsection (d), the percentage that the county is allocated for a year equals the same percentage that the population of all areas in the county not located in a city or town bears to the population of the county.

(d) In the case of Marion County, the county, the consolidated city, all included towns (as described in IC 36-3-1-7), and the remainder of the county that is not in an excluded city (as described in IC 36-3-1-7) shall be treated as one (1) political subdivision whose fiscal body is the fiscal body of the consolidated city.

(e) The percentage of votes that a school corporation is allocated for a year equals the same percentage that the

population of the school corporation in the county has to the total population of the county.

(f) On or before January 1 of each year (or in 2005, before July 2), the county auditor shall certify to each member of the council the number of votes, rounded to the nearest one hundredth (0.01), the council has for that year.

Sec. 4. A council takes an action by adopting an ordinance.

Sec. 5. Except as otherwise provide in this article, a council may adopt an ordinance to amend or rescind a previously adopted ordinance

Sec. 6. A member of the council may exercise its votes on the council for or against a proposed ordinance by:

- (1) passing a resolution that contains the text of an ordinance being proposed to the council; and
- (2) transmitting the resolution to the county auditor of the county.

Sec. 7. A resolution passed by a member of the council exercises all of the votes of the member. Except as permitted by the department, the votes on a resolution may not be changed during the year.

Sec. 8. A resolution must be substantially in the following general form:

"The (insert name of political subdivision's fiscal body) casts its (insert number of political subdivision's votes) votes (for or against) the proposed ordinance of the (insert name of the county) County Income Tax Council, which reads as follows:

(Insert text of ordinance being proposed to members of the council)".

Sec. 9. The text of a resolution and a proposed ordinances contained in a resolution must be substantially in the form prescribed by the department.

Sec. 10. A proposed ordinance adopting, increasing, or decreasing a tax rate must state that the tax rate in the proposed ordinance is subject to adjustment by the department before November 1 of the year, as necessary, to correct any error in the data or computations on which the estimated tax rate is based or to reflect changes in the department's forecast of economic conditions that will affect the amount of taxes raised by the tax rate.

Sec. 11. Subject to this article, a council may adopt an ordinance to do any of the following:

- (1) Adopt, amend, or rescind an ordinance adopted under IC 6-11-7-10.
- (2) Adopt a tax and set a tax rate for the county under IC 6-11-8 or IC 6-11-9.
- (3) Increase or decrease a tax rate imposed in the county under IC 6-11-8 or IC 6-11-9.
- (4) Rescind a tax imposed under IC 6-11-8 or IC 6-11-9 in the county.
- (5) Adopt, amend, or rescind any other action authorized under this article.

Sec. 12. An ordinance adopted by the council before September 16 initially applies to the ensuing year. Unless waived by the department for good cause, an ordinance adopted after September 15 in a year initially applies to the year following the year of adoption by two (2) years.

Sec. 13. Except as provided by this article, an ordinance adopted by a council remains in effect until the earlier of:

- (1) the date specified in the ordinance; or
- (2) the date on which a subsequent ordinance amending or rescinding the ordinance is effective.

Sec. 14. Any member of the council may present a proposed ordinance to the council for passage.

Sec. 15. (a) A member of the council may present an ordinance to the council for passage by:

(1) providing:

(A) in the case of a resolution for a proposed ordinance under IC 6-11-7-10, the county auditor and the fiscal officer of each member of the council; and

(B) the public;

with notice of the date, time, and place that a public hearing will be held on a resolution proposing an ordinance to the council;

(3) conducting the public hearing; and

(4) after the hearing, passing the resolution proposing the ordinance.

(b) The notice required by subsection (a) must be given in accordance with IC 5-3-1.

Sec. 16. (a) This section applies only to the hearing conducted for a proposed ordinance under IC 6-11-7-10.

(b) Notice must be given under:

(1) section 15(1)(A) of this chapter before August 2; and

(2) section 15(1)(B) of this chapter before August 7;

to be effective for the ensuing year.

(c) The hearing required under section 15 of this chapter must be conducted as part of the hearing required under IC 6-13-6.

Sec. 17. After passing a resolution proposing an ordinance, a member initiating the proposed ordinance shall distribute a copy of the proposed ordinance to the county auditor of the county and a certified tally of the member's vote on the proposed ordinance. The county auditor shall treat any proposed ordinance presented to the county auditor under this section as a casting of all that member's votes in favor of the proposed ordinance.

Sec. 18. The county auditor shall deliver copies of a proposed ordinance that is received from a member under section 17 of this chapter to all the other members of the council not later than ten (10) days after receiving the proposed ordinance.

Sec. 19. (a) Once a member receives a resolution containing a proposed ordinance from the county auditor, the member shall:

(1) provide the public with notice of the date, time, and place a public hearing will be held on the proposed ordinance;

(2) conduct the hearing, except for a resolution for a proposed ordinance under IC 6-11-7-10 if a hearing has been conducted as required in section 16 of this chapter; and

(3) vote on the proposed ordinance;

not later than thirty (30) days after receipt of the proposed ordinance.

(b) The notice required by subsection (a) must be given in accordance with IC 5-3-1.



Sec. 20. After voting on a resolution concerning a proposed ordinance received under section 17 of this chapter, a member voting on the proposed ordinance shall distribute a copy of the proposed ordinance and a certified tally of the member's vote on the proposed ordinance to the county auditor.

Sec. 21. The county auditor shall record all votes taken on ordinances presented to the members of the council for a vote.

Sec. 22. The county auditor shall treat the ordinance as adopted if the proposed ordinance receives at least seventy-six (76) votes from the members of the council.

Sec. 23. If the council adopts an ordinance, the county auditor shall immediately send a certified copy of the:

- (1) ordinance; and
- (2) results of the vote on the ordinance;

to the department and the department of state revenue by certified mail.

Sec. 24. Not later than ten (10) days after an ordinance is adopted, the county auditor shall publish a notice of the action under IC 5-3-1.

#### Chapter 4. Determination of Residency

Sec. 1. For purposes of this article, an individual shall be treated as a resident of the county in which the individual:

- (1) maintains a home, if the individual maintains only one (1) home in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;
- (3) if subdivision (1) or (2) does not apply, registers the individual's personal automobile; or
- (4) if subdivision (1), (2), or (3) does not apply, spends the majority of the individual's time spent in Indiana during the taxable year in question.

Sec. 2. Subject to section 3 of this chapter, the residence or principal place of business or employment of an individual is to be determined on January 1 of the year in which the individual's taxable year commences. If an individual changes the location of the individual's residence or principal place of employment or business to another county in Indiana during a year, the individual's liability for the tax is not affected.

Sec. 3. If an individual becomes a resident for purposes of IC 36-7-27 during a year because the individual:

- (1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or
- (2) changes the location of the individual's principal place of employment or business to a qualified economic development tax project and does not reside in another county in which the tax is in effect;

the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is taxable only by the county containing the qualified economic development tax project.

#### Chapter 5. Exempt Taxpayers

Sec. 1. A council may pass an ordinance to enter into reciprocity agreements with the taxing authority of a city, town, municipality, county, or other similar local governmental entity of any other state. A reciprocity agreement must provide that the income of Indiana residents is exempt from income taxation

by the other local governmental entity to the extent income of the out-of-state residents who reside in the other local governmental entity is exempt from the tax in the Indiana county entering into the agreement.

Sec. 2. A reciprocity agreement adopted under this section may not become effective until it is also made effective in the other local governmental entity that is a party to the agreement.

Sec. 3. The form and effective date of any reciprocity agreement described in this section must be approved by the department of state revenue.

#### Chapter 6. Imposition of Tax

Sec. 1. A county income tax is imposed in each county.

Sec. 2. The tax is imposed on the adjusted gross income of:

- (1) each resident of; and
- (2) each out-of-state resident who maintains the individual's principal place of business or employment in;

the county for which the council is established.

Sec. 3. The tax on an out-of-state resident may be imposed only on the part of the out-of-state resident's adjusted gross income that is derived from the individual's principal place of business or employment.

Sec. 4. In the case of a resident of Perry County, the tax may not be imposed on the part of the individual's adjusted gross income that is:

- (1) earned in a county that is:
  - (A) located in another state; and
  - (B) adjacent to the county in which the taxpayer resides; and
- (2) subject to an income tax imposed by a county, city, town, or other local governmental entity in the other state.

Sec. 5. The tax rate imposed in a county is the sum of the following:

- (1) The tax rate imposed under IC 6-11-7.
- (2) The tax rate imposed under IC 6-11-8.
- (3) The tax rate imposed under IC 6-11-9.

Sec. 6. If for any taxable year a taxpayer is subject to different tax rates for the tax imposed by a particular county, the taxpayer's tax rate for the county and that taxable year is the rate determined in STEP THREE of the following STEPS:

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede July 1 by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow June 30 by the rate in effect after the rate change.

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by twelve (12).

Sec. 7. If the tax is not in effect during a taxpayer's entire taxable year, the amount of tax that the taxpayer owes for that taxable year equals the product of:

- (1) the amount of tax the taxpayer would owe if the tax had been imposed during the taxpayer's entire taxable year; multiplied by
- (2) a fraction. The numerator of the fraction equals the number of days in the taxpayer's taxable year during which the county option income tax was in effect. The denominator of the fraction equals the total number of days in the taxpayer's taxable year.

However, if the taxpayer files state income tax returns on a year basis, the fraction to be applied under this section is one-half (1/2).

#### Chapter 7. Tax Rate to Fund Controlled Tax Increases

Sec. 1. Except as provided in section 10 of this chapter, in each year, in addition to the part of the tax rate in effect in the county under IC 6-11-8 or IC 6-11-9, or both, a tax is imposed in each county at the rate necessary to raise the county's total allowable tax increase amount.

Sec. 2. The department, with the assistance of the department of state revenue and the budget agency, shall establish the rate required under section 1 of this chapter based on the best available economic forecast data available to the department before the later of November 1 or the date set by the department.

Sec. 3. The total tax imposed under section 1 of this chapter shall be treated as a controlled tax.

Sec. 4. For purposes of this chapter, a county's total allowable tax increase amount under this chapter is equal to the sum of each political subdivision's total allowable tax increase amounts allowed in the county after 2005.

Sec. 5. For purposes of this chapter, a political subdivision's total allowable tax increase amount under this chapter is equal to the sum of the annual controlled tax increase amounts allowed in the county for the political subdivisions in each year after 2005.

Sec. 6. For purposes of this chapter, a political subdivision's annual controlled tax increase in a county for any particular year is the amount determined under STEP THREE of the following formula:

STEP ONE: Subtract the political subdivision's controlled levy limit in the county for the immediately preceding year from the political subdivision's controlled tax limit in the county for the ensuing year.

STEP TWO: Subtract the political subdivision's controlled levy limit in the county for the immediately preceding year from the political subdivision's controlled tax limit in the county for the ensuing year.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

Sec. 7. Subject to section 8 of this chapter, a negative result for a political subdivision under section 6 of this chapter reduces the political subdivision's total allowable tax increase amount that may be funded from taxes imposed under this chapter.

Sec. 8. A political subdivision's total allowable tax increase amount under this chapter may not be less than zero (0).

Sec. 9. (a) This section applies to a school corporation.

(b) A separate annual controlled tax increase and total allowable tax increase amount shall be computed for each of the following:

- (1) A school corporation's school general fund and charter schools taxes imposed under IC 6-1.1-19-1.5.
- (2) A school corporation's transportation fund taxes imposed under IC 21-2-11.5-3.
- (3) A school corporation's school bus replacement fund taxes imposed under IC 21-2-11.5-3.

(c) None of the separate school corporation's total allowable tax increase amounts under subsection (B) may be less than zero (0).

Sec. 10. Subject to section 11 of this chapter, instead of funding all of a county's total allowable tax increase amount from county income taxes, a council may adopt an ordinance to fund the annual controlled tax increases attributable to one (1) or more years from controlled property taxes. Notice of the proposed ordinance must be given under IC 6-11-3-15 before the date specified in IC 6-11-3-16. If an ordinance adopted under this section applies to the annual controlled tax increases attributable to a particular year the ordinance must require that all of the annual controlled tax increases attributable to the particular year be funded by controlled property taxes.

Sec. 11. A council, either through an ordinance terminating a tax or an ordinance reducing the tax rate, may not decrease a tax imposed under this chapter below the tax rate necessary to continue the part of an allocation of taxes to a political subdivision that the political subdivision has pledged to pay or fund bonds, leases, or another obligation permitted by IC 5-1-14 or another law.

Sec. 12. Subject to IC 6-13-22-11 concerning the treatment of distributions to a county that qualify as excess revenue, the part of the tax imposed under this chapter is allocated among the political subdivisions in the county in proportion to the part of the county's total allowable tax increase amount that is:

- (1) attributable to each political subdivision; and
- (2) funded by taxes under this article.

Any annual controlled tax increase that is not funded by taxes under this chapter as the result of the adoption of an ordinance under section 10 of this chapter may not be considered in determining a political subdivision's allocation of taxes under this section.

Sec. 13. Subject to any law limiting the use of a political subdivision's revenues, a political subdivision may use taxes allocated to a political subdivision under this chapter for any governmental or public purpose, including any purpose for which a county adjusted gross income tax, a county option income tax, or a county economic development tax could be used before 2006.

Sec. 14. The county auditor shall retain from taxes allocated to a political subdivision under this chapter an amount equal to any:

- (1) reserve or settlement required under IC 6-11-13;
- (2) assignment authorized under IC 6-11-14; or
- (3) special allocation authorized under IC 6-11-15;

that is payable from taxes imposed under this chapter in the manner and under the schedule determined under IC 6-11-13.

Sec. 15. The remainder of an allocation of taxes imposed under this chapter shall be distributed to the political subdivisions in the county in the manner and under the schedule determined under IC 6-11-13.

Sec. 16. A political subdivision shall deposit the amount distributed to the political subdivision under this chapter among the funds of the political subdivision in proportion to the amount of the political subdivision's budget for the year in which the tax being distributed was imposed, including any amount budgeted for deposit in the political subdivision's rainy

day fund. Money deposited in a fund under this section may be used for any purpose for which money in the fund may be used or transferred to another fund as authorized by law.

Sec. 17. The amount raised under this chapter and retained by a county auditor as an assignment or a special allocation may be used only for the purposes of the assignment or the special allocation.

Sec. 18. Subject to IC 6-13-22-11 concerning excess revenue, an amount retained in excess of the amount necessary for the purposes of a reserve, a settlement, an assignment, or a special allocation shall be distributed to the political subdivision from which the amount was retained. The amount distributed under this section does not reduce the controlled tax limit or allocation amount for a political subdivision in any year.

#### Chapter 8. Optional Additional Income Tax

Sec. 1. In addition to a tax in effect in the county under IC 6-11-7 or IC 6-11-9, or both, a council may adopt an additional tax under this chapter for the county.

Sec. 2. The tax rate imposed for a tax under this chapter in a county may not exceed the greater of the following:

- (1) One percent (1%).
- (2) The rate determined under sections 5 and 6 of this chapter, if sections 5 and 6 of this chapter apply to the county.

Sec. 3. A tax imposed under section 1 of this chapter (including a tax described in section 4 of this chapter) shall be treated as an excluded tax.

Sec. 4. An ordinance adopted in a county before April 1, 2005, that would have initially imposed any of the following in 2006 or authorized the continuation of any of the following after 2005 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed shall be treated after 2005 as an ordinance adopted under section 1 of this chapter:

- (1) County adjusted gross income tax.
- (2) County option income tax.
- (3) County economic development tax.

Sec. 5. Subject to the reductions under section 6 of this chapter, the tax rate imposed in 2006 under section 4 of this chapter is equal to the combined:

- (1) county adjusted gross income tax rate or county option income tax; and
- (2) county economic development rate;

that the county would have imposed in 2006 (after deducting any part of the tax rate attributable to a law listed in IC 6-11-9-11) if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed.

Sec. 6. Section 4 of this chapter does not prohibit a council from adopting an ordinance after June 30, 2005, to increase the tax rate determined under section 5 of this chapter as long as the total tax rate imposed under this chapter does not exceed the maximum rate specified in section 2 of this chapter.

Sec. 7. Taxes imposed under this chapter shall be allocated among the civil taxing units in the county based on the formulas described in the following:

OPTION	DESCRIPTION
Option 1	Section 18 of this chapter.
Option 2	Section 19 of this chapter.
Option 3	Section 20 of this chapter.

Option 4	Section 21 of this chapter.
Option 5	Section 22 of this chapter.

Sec. 8. The formulas to be applied in a county depends on the:

- (1) combination of county adjusted gross income taxes, county option income taxes, and county economic development taxes imposed in the county in 2005; and
- (2) elections adopted by the council after June 30, 2005.

Sec. 9. The department shall establish five (5) tax option ratios for each county.

Sec. 10. The sum of the ratios established under section 9 of this chapter must add to one (1).

Sec. 11. (a) This section applies to a county that would not have received a certified distribution of county adjusted gross income tax, county option income tax, or county economic development tax in 2006 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed.

(b) The county's tax option ratios are as follows:

OPTION	RATIO
Option 1	1
Option 2	0
Option 3	0
Option 4	0
Option 5	0

(c) The eligible civil units are the following:

(1) Any political subdivision that has the power to impose a property tax, other than a county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113).

(2) A county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113) if a majority of the members of each of the county fiscal bodies of the counties within the district passes a resolution approving an allocation of taxes under this chapter.

(d) An eligible civil unit's allocation factor for a year is the eligible civil taxing unit's controlled tax limit for a year.

(d) The tax imposed under this chapter shall be allocated under Option 1 in section 18 of this chapter.

Sec. 12. (a) This section applies to a county that would have received a certified distribution of county adjusted gross income tax, county option income tax, or county economic development tax in 2006 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed.

(b) Subject to section 10 of this chapter, the tax option ratios that apply in the county are:

- (1) the ratios adopted by the council by ordinance; or
- (2) the ratios determined under sections 13 through 17 of this chapter, if subdivision (1) does not apply.

Sec. 13. (a) The Option 1 ratio in a county is:

(1) if the county received a 2005 certified distribution of county option income taxes that was distributed under IC 6-3.5-6-18(e) and also received a 2005 certified distribution of county economic development taxes, the quotient determined by dividing:

(A) the county option income tax rate, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, that would have been in effect in the county in 2006 and

distributed under IC 6-3.5-6-18(e) if IC 6-3.5-6 had not been repealed; by

(B) the sum of the county adjusted gross income tax rate, county option income tax rate, and county economic income tax rate that would have been in effect in the county in 2006, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed;

(2) if the county did not receive a 2005 certified distribution of county option income taxes that was distributed under IC 6-3.5-6-18(e), zero (0); and

(3) if the county received a 2005 certified distribution of county option income taxes that was distributed under IC 6-3.5-6-18(e), and did not receive a 2005 certified distribution of county economic development taxes, one (1).

(b) The Option 1 eligible civil units are the following:

(1) Any political subdivision that has the power to impose a property tax, other than a county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113).

(2) A county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113) if a majority of the members of each of the county fiscal bodies of the counties within the district passes a resolution approving an allocation of taxes under this chapter.

A resolution passed under IC 6-3.5-6-1.3 (before its repeal) that would have applied to a distribution of county adjusted gross income taxes or county option income taxes in 2006 if IC 6-3.5-1.1 and IC 6-3.5-6 had not been repealed shall be treated as a resolution adopted under section 2(2)(B) of this chapter.

(c) An Option 1 eligible civil unit's allocation factor for a year is the sum of the following:

(1) The eligible civil taxing unit's controlled tax limit for a year.

(2) For an eligible civil taxing unit in a county that received a certified distribution of county adjusted gross income taxes, county option income taxes, or county economic development income taxes in 2005, an amount equal to the property taxes imposed on taxable property by the county in 1999 for the county's welfare fund and welfare administration fund in the county.

(3) For an eligible civil taxing unit in a county that received a certified distribution of county adjusted gross income taxes, county option income taxes, or county economic development income taxes in 2005, an amount equal to the lesser of the:

(A) property tax levies imposed on taxable property in the county by the civil taxing unit to fund or pay bonded indebtedness, lease rentals, or other obligations permitted by IC 5-1-14 or another law that:

(i) that are payable from a political subdivision's debt service funds (as defined in IC 6-14-1-8); and

(ii) for which the political subdivision or its predecessor initially levied a property tax before 2006;

including any refunding bonds to the extent that the term does not exceed the term of the original obligation; or

(B) property taxes imposed to fund or pay the bonded indebtedness, lease rentals, or other obligations described in clause (A) in 2005.

(4) For an eligible civil taxing unit in a county that received a certified distribution of county adjusted gross income taxes, county option income taxes, or county economic development income taxes in 2005, an amount equal to the lesser of the fixed rate levies (as defined in IC 6-15-1-3) imposed on taxable property by the civil taxing unit in the county in:

(A) the year of distribution; or

(B) 2005.

Sec. 14. (a) The Option 2 ratio in a county is equal to:

(1) if the county received a 2005 certified distribution of county option income taxes that was distributed under IC 6-3.5-6-18.5 (repealed), one (1); or

(2) if the county did not receive a 2005 certified distribution of county option income taxes that was distributed under IC 6-3.5-6-18.5 (repealed), zero (0).

(b) The Option 2 eligible civil units are any entity that would have been eligible to receive a distribution under IC 6-3.5-6-18.5 if IC 6-3.5-6 had not been repealed.

(c) An Option 2 eligible civil unit's allocation factor for a year is the sum of the following:

(1) The eligible civil taxing unit's controlled tax limit for a year.

(2) For an eligible civil taxing unit in a county that received a certified distribution of county economic development income taxes in 2005, an amount equal to the property taxes imposed on taxable property by the county in 1999 for the county's welfare fund and welfare administration fund in the county.

Sec. 15. (a) The Option 3 ratio in a county is equal to:

(1) if the county received a 2005 certified distribution of county adjusted gross income taxes and also received a 2005 certified distribution of county economic development taxes, the quotient determined by dividing:

(A) the county adjusted gross income tax rate, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, that would have been in effect in the county in 2006 and distributed under IC 6-3.5-1.1-15 if IC 6-3.5-1.1 had not been repealed; by

(B) the sum of the county adjusted gross income tax rate, county option income tax rate, and county economic income tax rate that would have been in effect in the county in 2006, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed;

(2) if the county did not receive a 2005 certified distribution of county adjusted gross income taxes, zero (0); or

(3) if the county received a 2005 certified distribution of county adjusted gross income taxes but did not receive a 2005 certified distribution of county economic income taxes, one (1).

(b) The Option 3 eligible civil units are the following:

- (1) Any political subdivision that has the power to impose a property tax, other than a county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113).
- (2) A county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113) if a majority of the members of each of the county fiscal bodies of the counties within the district passes a resolution approving an allocation of taxes under this chapter.

A resolution passed under IC 6-3.5-1.1-1.3 (before its repeal) that would have applied to a distribution of county adjusted gross income taxes or county option income taxes in 2006 if IC 6-3.5-1.1 and IC 6-3.5-6 had not been repealed shall be treated as a resolution adopted under section 2(2)(B) of this chapter.

(c) An Option 3 eligible civil unit's allocation factor for a year is the sum of the following:

- (1) The eligible civil taxing unit's controlled tax limit for a year.
- (2) The controlled tax limit for a year of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the eligible civil taxing unit.
- (3) The amount of federal revenue sharing funds and certified shares that were used by the eligible civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the eligible civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5 (repealed) in 2005.
- (4) For a county that received a certified distribution of county adjusted gross income taxes, county option income taxes, or county economic development income taxes in 2005, an amount equal to the property taxes imposed on taxable property by the county in 1999 for the county's welfare fund and welfare administration fund in the county.

Sec. 16. (a) The Option 4 ratio in a county is equal to:

- (1) if the county also received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(b) and also received a 2005 certified distribution of county adjusted gross income taxes or county option income taxes, the quotient determined by dividing:
  - (A) the county economic development income tax rate, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, that would have been in effect in the county in 2006 and distributed under IC 6-3.5-7-12(b) if IC 6-3.5-7 had not been repealed; by
  - (B) the sum of the county adjusted gross income tax rate, county option income tax rate, and county economic income tax rate that would have been in effect in the county in 2006, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, if

IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed;

- (2) if the county did not receive a 2005 certified distribution of county economic development income taxes, zero (0);
- (3) if the county received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(c), zero (0); or
- (4) if the county received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(b) but did not receive a 2005 certified distribution of county adjusted gross income tax or county option income tax, one (1).

(b) The Option 4 eligible civil units are the following:

- (1) The county.
- (2) Each city and town in the county.

(c) An Option 4 eligible civil unit's allocation factor for a year is the sum of the following:

- (1) The eligible civil taxing unit's controlled tax limit for a year.
- (2) For an eligible civil taxing unit in a county that received a certified distribution of county adjusted gross income taxes, county option income taxes, or county economic development income taxes in 2005, an amount equal to the property taxes imposed on taxable property by the county in 1999 for the county's welfare fund and welfare administration fund in the county.
- (3) For an eligible civil taxing unit in a county that received a certified distribution of county adjusted gross income taxes, county option income taxes, or county economic development income taxes in 2005, an amount equal to the lesser of the:

(A) property tax levies imposed on taxable property in the county by the civil taxing unit to fund or pay bonded indebtedness, lease rentals, or other obligations permitted by IC 5-1-14 or another law that:

- (i) that are payable from a political subdivision's debt service funds (as defined in IC 6-14-1-8); and
  - (ii) for which the political subdivision or its predecessor initially levied a property tax before 2006; including any refunding bonds to the extent that the term does not exceed the term of the original obligation; or
- (B) property taxes imposed to fund or pay the bonded indebtedness, lease rentals, or other obligations described in clause (A) in 2005.

- (4) For an eligible civil taxing unit in a county that received a certified distribution of county adjusted gross income taxes, county option income taxes, or county economic development income taxes in 2005, an amount equal to the lesser of the fixed rate levies (as defined in IC 6-15-1-3) imposed on taxable property by the civil taxing unit in the county in:

- (A) the year of distribution; or
- (B) 2005.

Sec. 17. (a) The Option 5 ratio in a county is equal to:

- (1) if the county received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(c) and also received a 2005 certified distribution of county adjusted gross income taxes

or county option income taxes, the quotient determined by dividing:

- (A) the county economic development income tax rate, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, that would have been in effect in the county in 2006 and distributed under IC 6-3.5-7-12(c) if IC 6-3.5-7 had not been repealed; by
- (B) the sum of the county adjusted gross income tax rate, county option income tax rate, and county economic income tax rate that would have been in effect in the county in 2006, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed;
- (2) if the county did not receive a 2005 certified distribution of county economic development income taxes, zero (0);
- (3) if the county received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(b), zero (0); or
- (4) if the county received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(c) but did not receive a 2005 certified distribution of county adjusted gross income tax or county option income tax, one (1).

(b) The Option 5 eligible civil units are the following:

- (1) The county.
- (2) Each city and town in the county.

(c) An Option 5 eligible civil unit's allocation factor for a year is the eligible civil unit's population. For the purpose of applying this subsection to a county, only the population of the county in an unincorporated area shall be attributed to the county.

Sec. 18. The amount allocated to an eligible civil taxing unit under Option 1 is the amount determined under STEP SIX of the following formula:

STEP ONE: Determine the amount of revenue to be distributed under this chapter.

STEP TWO: Multiply the STEP ONE amount by the county's Option 1 ratio.

STEP THREE: Determine the Option 1 allocation factor for the eligible civil taxing unit for the year of distribution.

STEP FOUR: Determine the sum of the Option 1 allocation factors for all eligible civil units in the county for the year of distribution.

STEP FIVE: Divide the STEP THREE result by the STEP FOUR result.

STEP SIX: Multiply the STEP FIVE result by the STEP TWO amount.

Sec. 19. The amount allocated to an eligible civil taxing unit under Option 2 is the amount determined using STEP NINE of the following formula:

STEP ONE: Determine the total amount of revenues that were distributed as distributive shares under IC 6-3.5-6-18.5 (repealed) in 1995.

STEP TWO: Determine the amount of revenue from taxes imposed under this chapter in the current year.

STEP THREE: Subtract the STEP ONE result from the STEP TWO result.

STEP FOUR: If the STEP THREE result is less than or equal to zero (0), multiply the STEP TWO result by the ratio established under this chapter.

STEP FIVE: Determine the ratio of:

(A) the Option 2 allocation factor for the eligible civil taxing unit; divided by

(B) the sum of the Option 2 allocation factors for all eligible civil taxing units of the county during the current year.

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the ratio established under this chapter.

STEP SEVEN: For each eligible civil taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each eligible civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the ratio established under this chapter. The STEP THREE excess shall be distributed as provided in STEP NINE only to the eligible civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the eligible civil taxing units qualifying for a distribution under STEP EIGHT, each eligible civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

(A) the Option 2 allocation factor for the eligible civil taxing unit; divided by

(B) the sum of the Option 2 allocation factors for all eligible civil taxing units of the county during the current year.

Sec. 20. The amount allocated to an eligible civil taxing unit under Option 3 is the amount determined under STEP SIX of the following formula:

STEP ONE: Determine the amount of revenue to be distributed under this chapter.

STEP TWO: Multiply the STEP ONE amount by the county's Option 3 ratio.

STEP THREE: Determine the Option 3 allocation factor for the eligible civil taxing unit for the year of distribution.

STEP FOUR: Determine the sum of the Option 3 allocation factors for all eligible civil units in the county for the year of distribution.

STEP FIVE: Divide the STEP THREE result by the STEP FOUR result.

STEP SIX: Multiply the STEP FIVE result by the STEP TWO result.

Sec. 21. The amount allocated to an eligible civil taxing unit under Option 4 is the amount determined under STEP SIX of the following formula:

STEP ONE: Determine the amount of revenue to be distributed under this chapter.

STEP TWO: Multiply the STEP ONE amount by the county's Option 4 ratio.

STEP THREE: Determine the Option 4 allocation factor for the eligible civil taxing unit for the year of distribution.

**STEP FOUR:** Determine the sum of the Option 4 allocation factors for all eligible civil units in the county for the year of distribution.

**STEP FIVE:** Divide the STEP THREE result by the STEP FOUR result.

**STEP SIX:** Multiply the STEP FIVE result by the STEP TWO amount.

Sec. 22. The amount allocated to an eligible civil taxing unit under Option 5 is the amount determined under STEP SIX of the following formula:

**STEP ONE:** Determine the amount of revenue to be distributed under this chapter.

**STEP TWO:** Multiply the STEP ONE amount by the county's Option 5 ratio.

**STEP THREE:** Determine the Option 5 allocation factor for the eligible civil taxing unit for the year of distribution.

**STEP FOUR:** Determine the sum of the Option 5 allocation factors for all eligible civil units in the county for the year of distribution.

**STEP FIVE:** Divide the STEP THREE result by the STEP FOUR result.

**STEP SIX:** Multiply the STEP FIVE result by the STEP TWO amount.

Sec. 23. A council, either through an ordinance terminating a tax or an ordinance reducing the tax rate, may not decrease a tax imposed under this chapter below the tax rate necessary to continue the part of an allocation of taxes to a civil taxing unit that the civil taxing unit has pledged to pay or fund bonds, leases, or another obligation permitted by IC 5-1-14 or another law. For purposes of this section, a pledge of county adjusted gross income taxes (before the repeal of IC 6-3.5-1 or IC 6-3.5-1.1), county option income taxes (before the repeal of IC 6-3.5-6), or county economic development taxes (before the repeal of IC 6-3.5-7) shall be treated as a pledge of an allocation of taxes under this chapter.

Sec. 24. Subject IC 6-13-19 or any other law limiting the use of a civil taxing unit's revenues, a civil taxing unit may use taxes allocated to a civil taxing unit under this chapter for any governmental or public purpose, including any purpose for which a county adjusted gross income tax, a county option income tax, or a county economic development tax could be used before 2006.

Sec. 25. The county auditor shall retain from taxes allocated to a civil taxing unit under this chapter an amount equal to any:

- (1) reserve or settlement under IC 6-11-13;
- (2) assignment under IC 6-11-14; or
- (3) special allocation under IC 6-11-16;

that is payable from taxes imposed under this chapter in the manner and under the schedule determined under IC 6-11-13.

Sec. 26. The remainder of an eligible civil unit's allocation of taxes imposed under this chapter shall be distributed to the eligible civil taxing unit in the manner and under the schedule determined under IC 6-11-13.

Sec. 27. An eligible taxing unit shall deposit the amount distributed to the political subdivision under this chapter as provided in the budget for the year among the funds of the year in which the distributed taxes were imposed, including any amount budgeted for deposit in the political subdivision's rainy

day fund. Money deposited in a fund under this section may be used for any purpose for which money in the fund may be used or transferred to another fund as authorized by law.

Sec. 28. The amount raised under this chapter and retained by a county auditor as an assignment or a special allocation may be used only for the purposes of the assignment or the special allocation.

Sec. 29. Subject to IC 6-13-22-11 concerning excess revenue, an amount retained in excess of the amount necessary for the purposes of a reserve, a settlement, an assignment, or a special allocation shall be distributed to the civil taxing unit from which the amount was retained. The amount distributed under this section does not reduce the controlled tax limit or allocation amount for a civil taxing unit in any year.

#### Chapter 9. Excluded Taxes

Sec. 1. In addition to the tax rate in effect in the county under IC 6-11-7 or IC 6-11-8, or both, the governing body specified in any of the following may adopt an additional tax rate for the county under this chapter.

Sec. 2. An additional tax rate adopted under this chapter (including a tax described in section 3 of this chapter) shall be treated as an excluded tax.

Sec. 3. An ordinance adopted in a county before April 1, 2005, that would have imposed any of the additional rates listed in IC 6-11-9-11 after 2005 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed shall be treated after 2005 as an ordinance adopted under section 1 of this chapter.

Sec. 4. The tax rate imposed under section 3 of this chapter is equal to the combined total of the additional tax rates listed in IC 6-11-9-11 that the county would have imposed in 2006 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed.

Sec. 5. The tax rate imposed under section 3 of this chapter applies to 2006 and each year thereafter until the earlier of the following:

- (1) The tax expires by law.
- (2) The tax is rescinded or the tax rate is reduced by the council under this article.

Sec. 6. A fiscal body or council, either through an ordinance terminating a tax or an ordinance reducing the tax rate, may not decrease an excluded tax imposed under this chapter below the tax rate necessary to continue the part of an allocation of taxes to a political subdivision that the political subdivision has pledged to pay or fund bonds, leases, or another obligation permitted by IC 5-1-14 or another law. For purposes of this section, a pledge of county adjusted gross income taxes (before the repeal of IC 6-3.5-1 or IC 6-3.5-1.1), county option income taxes (before the repeal of IC 6-3.5-6), or county economic development taxes (before the repeal of IC 6-3.5-7) under a law listed in IC 6-11-9-11 shall be treated as a pledge of an allocation of taxes under this article.

Sec. 7. The county auditor shall retain from the distribution of taxes made to the county the amount of each excluded tax imposed in the county.

Sec. 8. The amount raised by an excluded tax, after deducting any necessary reserves and settlements under IC 6-11-13, may be used only for the purposes allowed under the law under which it was imposed or its successor law. Any amount raised in excess of the amount necessary for the purposes of the

excluded tax shall be treated as excess revenue under IC 6-13-22-11 and applied to reduce the excluded tax rate for the following year or the later year determined by the department. Except as otherwise provided by law, IC 36-1-8-5 applies to an unused and unencumbered balance remaining from an excluded tax when the purposes for the excluded tax have been fulfilled.

Sec. 9. (a) Except to the extent waived for a year by the department, an additional tax rate is imposed in each county at the lesser of the following:

- (1) The rate necessary, after deducting any amount being raised as property taxes to replace money in a rainy day fund used as a temporary loan to a debt service fund, to maintain the balance of the rainy day funds of each political subdivision at six percent (6%) of the budget in the immediately preceding year for the political subdivision in the county; or
- (2) twenty percent (20%) of the increase in the tax rate imposed in the county under IC 6-11-7.

(b) The additional rate under this section is an excluded tax.

(c) The county auditor shall retain the amount of the additional tax rate under this section as a special allocation. The retained amount shall be allocated among political subdivisions for deposit in each political subdivision's rainy day fund in proportion to the controlled tax limits for each political subdivision in the county until the political subdivision's rainy day fund balance is at least six percent (6%) of the political subdivision's controlled tax limit.

(d) The council may adopt an ordinance to increase the additional tax imposed under this section. The county auditor shall retain the amount of the additional tax rate under this subsection as a special allocation. The retained amount shall be allocated among political subdivisions for deposit in each political subdivision's rainy day fund in proportion to the controlled tax limits each political subdivision in the county.

Sec. 10. (a) This section applies to any county, regardless of whether the county has adopted an ordinance under IC 6-11-15 or IC 6-11-16 to provide additional property tax replacement credits or homestead credits.

(b) In addition to any other additional tax rate imposed under this article, a council may adopt an additional tax rate to replace revenue lost to a political subdivision as the result of granting an additional homestead credit under this section. A county that adopted an ordinance under IC 6-3.5-7-26 (before its repeal) shall be treated as if the county adopted an ordinance under this section. The amount of the additional tax is an excluded tax.

(c) The additional tax rate may not exceed twenty-five hundredths of one percent (0.25%).

(d) An additional homestead credit is established in each county to which this section applies to offset the effect on homesteads in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42. The department shall set the percentage of the homestead credit so that the total amount of additional homestead credits granted equals the amount of the additional tax collected under this section. The homestead credit adopted under this section shall be applied as specified in the ordinance. The ordinance may provide that the

additional tax be:

(1) uniformly applied to increase the homestead credit granted under IC 6-1.1-20.9 for all homesteads in the county; or

(2) applied to increase the homestead credit granted under IC 6-1.1-20.9 for all homesteads in the county in the same proportion as the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(e) The county auditor shall retain the amount necessary for the homestead credit as a special allocation. The retained amount shall be allocated among political subdivisions in proportion to property tax revenue lost as the result of granting additional homestead credits under this section.

(f) Money received under this section shall be treated for all purposes as property tax levies.

Sec. 11. (a) This section applies to an additional tax imposed under any of the following before April 1, 2005, and that would have been in effect for a year after 2005 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed:

- (1) IC 6-3.5-1.1-2.5 (repealed).
- (2) IC 6-3.5-1.1-2.7 (repealed).
- (3) IC 6-3.5-1.1-2.8 (repealed).
- (4) IC 6-3.5-1.1-2.9 (repealed).
- (5) IC 6-3.5-1.1-3.3 (repealed).
- (6) IC 6-3.5-1.1-3.5 (repealed).
- (7) IC 6-3.5-1.1-3.6 (repealed).
- (8) IC 6-3.5-7-22 (repealed).
- (9) IC 6-3.5-7-24 (repealed).
- (10) IC 6-3.5-7-25 (repealed).
- (11) IC 6-3.5-7-27 (repealed).

(b) An additional tax rate is imposed in a county after 2005 for the purposes each law described in subsection (a). The amount of the additional tax rate is the tax rate imposed in 2005 under a law described in subsection (a). The additional tax rate is an excluded tax.

(c) An additional tax rate imposed under this section continues until the earliest of the following:

- (1) The date the additional tax rate is rescinded or reduced by the body establishing the additional rate.
- (2) The date that the purpose for which the tax rate was imposed is accomplished.
- (3) The date that the law described in subsection (a) would have terminated the additional tax rate.

(d) The county auditor shall retain the amount of the additional tax rate as a special allocation. The retained amount shall be allocated as provided in the applicable law described in subsection (a).

#### Chapter 10. Credits

Sec. 1. (a) Except as provided in subsection (b), if for a particular taxable year a resident is liable for an income tax imposed by a county, city, town, or other local governmental entity located outside Indiana, that resident is entitled to a credit against the tax liability imposed under this article for that same taxable year. The amount of the credit equals the



amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the tax under this article. However, the credit provided by this section may not reduce a resident's tax liability under this article to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a resident to the extent that the other governmental entity provides for a credit to the resident for the amount of taxes owed under this article.

(c) To claim the credit provided by this section, a resident must provide the department of state revenue with satisfactory evidence that the taxpayer is entitled to the credit.

Sec. 2. (a) If for a particular taxable year a taxpayer is, or a taxpayer and the taxpayer's spouse who file a joint return are, allowed a credit for the elderly or totally disabled under Section 22 of the Internal Revenue Code, the taxpayer is, or the taxpayer and the taxpayer's spouse are, entitled to a credit against the tax liability under this article for that same taxable year. The amount of the credit equals the lesser of:

(1) the product of:

(A) the credit for the elderly or totally disabled for that same taxable year; multiplied by

(B) a fraction, the:

(i) numerator of which is the tax rate imposed under this article against the taxpayer or the taxpayer and the taxpayer's spouse; and

(ii) denominator of which is fifteen-hundredths (0.15); or

(2) the amount of tax imposed on the taxpayer or the taxpayer and the taxpayer's spouse.

(b) If a taxpayer and the taxpayer's spouse file a joint return and are subject to different county income tax rates for the same taxable year, the taxpayer and the taxpayer's spouse shall compute the credit under this section by using the formula provided by subsection (a), except that they shall use the average of the two (2) county income tax rates imposed against them as the numerator referred to in subsection (a)(1)(B)(i).

#### Chapter 11. Administration

Sec. 1. Except as otherwise provided in this article, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;

(2) declarations of estimated tax;

(3) filing of returns;

(4) deductions or exemptions from adjusted gross income;

(5) remittances;

(6) incorporation of the provisions of the Internal Revenue Code;

(7) penalties and interest; and

(8) exclusion of military pay credits for withholding;

apply to the imposition, collection, and administration of the tax imposed by this article.

Sec. 2. The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, IC 6-3-4-4.1(h), IC 6-3-4-8.1(e), and IC 6-3-5-1 do not apply to the tax imposed by this article.

Sec. 3. Each employer, including an employer making payments by electronic funds transfer, shall report to the department of state revenue for each reporting period the amount of tax withholdings attributable to each county. The report must be made before the later of the time that an employer that is not making an electronic funds transfer is required to pay to the department of state revenue amounts withheld during the reporting period or the date specified by the department of state revenue.

Sec. 4. A taxpayer required to file estimated or annual state adjusted gross income tax returns under IC 6-3-4-4.1, including taxpayers making payments by electronic funds transfer, shall file estimated tax returns and make payments of the tax imposed by this article to the department of state revenue at the time or times and in the installments specified under IC 6-3-4-4.1 for making estimated state adjusted gross income tax returns by taxpayers not making an electronic funds transfer.

#### Chapter 12. Collection and Distribution of Revenue to a County

Sec. 1. (a) A special account within the state general fund shall be established for each county that adopts the tax. Estimated tax payments, wage withholding payments, and other revenue derived from the imposition of the tax by a county shall be deposited in that county's account in the state general fund on at least a monthly basis as the revenue is received.

(b) Overpayments of the county's tax deposited in a county's account and other amounts deposited in a county's account in error shall be withdrawn from the account whenever the amount of the excess deposit is determined. If the amount that must be withdrawn from a county's account exceeds the amount in the account, the budget agency shall advance to the county's account from the state general fund the amount necessary to make the withdrawal. The advance shall be repaid from the account on the schedule determined by the budget agency.

(c) Income earned on money held in a county's account becomes a part of that account.

(d) Revenue remaining in a county's account at the end of a fiscal year does not revert to the state general fund.

Sec. 2. The auditor of state shall distribute money in a county's account, less the reserve that the department of state revenue determines is necessary to meet probable withdrawals from the fund for overpayments and other erroneous deposits, at least monthly.

Sec. 3. All distributions from an account shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

Sec. 4. The department of state revenue shall at least annually distribute to the county auditor for a county imposing a tax and to the department sufficient information for the county auditor and the department to determine that the distributions made to the county are correct and complete. To the extent that the information distributed under this section is confidential information under IC 6-8.1-7, the department of state revenue shall require the recipients to enter into an agreement under IC 6-8.1-7-1(b) before providing the information.

Sec. 5. The department of state revenue, in addition to offsetting withdrawals and the repayment of advances to an

account against money deposited in an account, may on a settlement date seek repayment from a county of money erroneously distributed to the county. The county auditor shall reimburse the county's account for overpayments from county income tax distributions held by the county. The amount of the reimbursement shall be proportionately deducted from all allocations made to the political subdivisions in the county except allocations made to pay or fund any bonds, lease obligations, or other obligations (as defined in IC 5-1-3-1) for which county adjusted gross income tax, county option income tax, county economic development tax, or county income tax is pledged. If the amount held by the county is insufficient to reimburse the county's account, the county fiscal body may authorize an advance of money from the county general fund to make the reimbursement. The advance shall be repaid on the schedule determined by the county fiscal body.

#### **Chapter 13. Distribution of Revenue by the County Auditor**

**Sec. 1.** When taxes are distributed to a county under IC 6-11-12, the county auditor shall:

- (1) determine the part of the distribution that is attributable to the part of the tax imposed under IC 6-11-7, IC 6-11-8, and each additional excluded tax rate imposed under IC 6-11-9;
- (2) determine the part of each political subdivision's allocation of taxes imposed under IC 6-11-7 and IC 6-11-8 that must be retained under this article, including amounts retained as a result of assignments of taxes made by a political subdivision under IC 6-11-14; and
- (3) distribute the remainder of the taxes among the political subdivisions in the county according to the formulas established under this article.

**Sec. 2.** Amounts retained under section 1 of this chapter shall be distributed as required to carry out the purposes of the special allocation or other purpose for which the taxes are retained.

**Sec. 3.** To assist county auditors, the department shall compute allocations, amounts that must be retained, and amounts to be distributed for each purpose.

**Sec. 4.** The department shall establish a schedule for transmitting the information computed under section 3 of this chapter to each county auditor. The information must be accompanied by sufficient supporting work papers for the county auditor to verify the accuracy and completeness of the computations.

**Sec. 5.** A county auditor shall provide each affected political subdivision, individual, or other entity entitled to a distribution with:

- (1) advance notice of the policies established under this chapter; and
- (2) sufficient documentation for the entity to verify the accuracy and completeness of the entity's distributions under this article.

The county auditor shall give the notices and documentation under this section on the schedule, if any, specified by the department.

**Sec. 6.** Subject to this chapter and any other law, a council may adopt an ordinance to establish the:

- (1) schedule on which distributions are made;
- (2) amount of reserve that the county auditor shall retain to reimburse the state for any overpayment to the county under IC 6-11-12;
- (3) schedule for apportioning amounts retained by the county auditor to the distributions that would otherwise be made under this article; and
- (4) formula and schedule for apportioning shortfalls among the distributions that would otherwise be made under this article.

**Sec. 7.** In the absence of an ordinance under section 6 of this chapter the:

- (1) schedule on which distributions are made;
- (2) amount of reserve that the county auditor shall retain to reimburse the state for any overpayment to the county under IC 6-11-12;
- (3) schedule for apportioning amounts retained by the county auditor to the distributions that would otherwise be made under this article; and
- (4) formula and schedule for apportioning shortfalls among the distributions that would otherwise be made under this article.

is the schedule, amount, and formula specified by the department under section 8 of this chapter or, in the absence of a policy under section 8 of this chapter, the county auditor.

**Sec. 8.** The department may establish the:

- (1) schedule on which distributions are made;
- (2) amount of reserve that a county auditor shall retain to reimburse the state for any overpayment to the county under IC 6-11-12;
- (3) schedule for apportioning amounts retained by the county auditor to the distributions that would otherwise be made under this article; and
- (4) formula and schedule for apportioning shortfalls among the distributions that would otherwise be made under this article.

**Sec. 9.** If the council adopts an ordinance under section 6 of this chapter, the department may establish under section 8 of this chapter a different standard than the standard adopted in the ordinance only as necessary to:

- (1) protect taxpayers;
- (2) protect the holders of bonds, leases, or other obligations;
- (3) provide for uniform and just treatment of all political subdivisions in the county; or
- (4) enforce a law.

**Sec. 10.** To the extent possible, the county auditor, council, and department shall provide for monthly distributions of a county's tax.

**Sec. 11.** An ordinance adopted under section 6 of this chapter or a policy established under section 3, 7, or 8 of this chapter may not adversely affect the payment or funding of any bonds, lease obligations, or other obligations (as defined in IC 5-1-3-1) for which:

- (1) county adjusted gross income tax, county option income tax, or county economic development tax was pledged before 2006; or

(2) county income tax is pledged.

Sec. 12. A county auditor may not maintain a reserve to reimburse the state for any overpayment to the county under IC 6-11-12 that exceeds the probable net settlement to the state for taxes from which the reserve is retained.

Sec. 13. The county auditor shall retain from a county's distribution under IC 6-11-12 the amount of any settlement with the state required to eliminate overpayments to the county of taxes imposed under this article that are not covered by a reserve.

#### Chapter 14. Assignments of an Allocation

Sec. 1. The fiscal body of a political subdivision may by ordinance or resolution assign any part of the political subdivision's allocation, including a special allocation, of a county's distribution of taxes to another entity to carry out any governmental purpose, including any purpose for which county adjusted gross income taxes, county option income taxes, or county economic development taxes could have been pledged or assigned before 2006.

Sec. 2. An assignment of a political subdivision's share of:

- (1) county adjusted income taxes;
- (2) county option income taxes; or
- (3) county economic income taxes;

that would have applied to a year after 2005 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed, shall be treated as an assignment of the political subdivision's allocation of a county's distribution of taxes under this article.

Sec. 3. Except as provided in section 2 of this chapter, if the political subdivision assigns an allocation, the fiscal body shall certify the allocation to the county auditor and the department.

Sec. 4. If a political subdivision fails to pay or fund bonds, lease obligations, or other obligations (as defined in IC 5-1-3-1) for which a pledge of county adjusted gross income tax, county option income tax, or county economic development tax was made, the department may order the county auditor to retain from the amount that would otherwise be allocated to the political subdivision the amount necessary to fulfill the political subdivision's obligations. The amount retained under this section shall be treated as an assignment of the political subdivision's allocation to meet the political subdivision's obligations under the pledge.

Sec. 5. The county auditor shall retain an assigned amount and directly distribute it to the assignee as if it were a distribution to the political subdivision.

Sec. 6. An assignment under this chapter (including an assignment described in section 2 of this chapter) applies until the fiscal body of the political subdivision rescinds or reduces the amount of an assignment in a subsequent ordinance.

Sec. 7. A political subdivision (or the department in the case of section 4 of this chapter) may not reduce or rescind an assignment to the extent that the reduction or rescission will adversely affect the payment or funding of any bonds, lease obligations, or other obligations (as defined in IC 5-1-3-1) for which county adjusted gross income tax, county option income tax, or county economic development tax, or county income tax is pledged.

Sec. 8. An assignment of controlled taxes does not change the political subdivision's controlled tax limit or controlled levy

limit.

#### Chapter 15. Special Allocations From Controlled Taxes

Sec. 1. This chapter applies only to the part of a tax that is a controlled tax imposed under IC 6-11-7.

Sec. 2. (a) This section applies to any county.

(b) In addition to any other property tax replacement credit or homestead credit granted under this article, the fiscal body of a political subdivision may adopt an ordinance to retain part of the amount that would otherwise be allocated to the political subdivision under IC 6-11-7 to replace revenue lost to a political subdivision as the result of granting additional property tax replacement credits under this section. The ordinance must specify the amount to be retained. The amount retained under this section is not an excluded tax.

(c) An additional property tax replacement credit is established in each county to which this section applies. The additional property tax replacement credit applies to the controlled property taxes imposed by the political subdivision adopting an ordinance under this section. The department shall set the percentage of property tax replacement credits so that the total amount of additional property tax replacement credits granted equals the amount of the tax retained under this section. The additional property tax replacement credit shall be uniformly applied to all taxpayer property tax liability for controlled property taxes imposed by the political subdivision.

(d) The county auditor shall retain the amount necessary for the additional property tax replacement credit as a special allocation. The retained amount shall be allocated to the political subdivision in proportion to the controlled property tax revenue lost as the result of granting additional property tax replacement credits under this section.

(e) Money received under this section shall be treated for all purposes as controlled property tax levies.

#### Chapter 16. Special Allocations From Optional Additional County Income Taxes

Sec. 1. This chapter applies only to the part of the tax imposed under this article that is imposed as an excluded tax under IC 6-11-8.

Sec. 2. The amount of taxes allocated to a tax area under:

- (1) IC 36-7-13;
- (2) IC 36-7-31;
- (3) IC 36-7-31.3;
- (4) IC 36-7-32; or
- (5) another similar law;

shall be treated as a special allocation that reduces only the amount that would otherwise be allocated to a political subdivision under IC 6-11-8. The amount of the special allocation under this section may not be considered in determining the controlled tax limit of a political subdivision or in setting tax rates under this article.

Sec. 3. (a) This section applies to a county that adopted an ordinance under IC 6-3.5-7-23 (before its repeal) to provide for an additional property tax replacement credit to replace library property taxes in the county.

(b) The county fiscal body may adopt an ordinance to retain part of the amount that would otherwise be allocated to political subdivisions under IC 6-11-8 to replace revenue lost to a public library as the result of granting an additional property

tax replacement credit against library property taxes imposed in the county. An ordinance adopted under IC 6-3.5-7-23 (before its repeal) shall be treated as an ordinance adopted under this section. The county fiscal body may not designate for library property tax replacement purposes tax revenue that is generated by a tax rate of more than fifteen-hundredths percent (0.15%).

(c) An additional property tax replacement credit is established in each county to which this section applies. The department shall set the percentage of the property tax replacement credit so that the total amount of additional property tax replacement credits granted equals the amount of the tax retained under this section. The additional property tax credit shall be applied in the same manner as an additional property tax credit under IC 6-3.5-7-23 (before its repeal) would have been applied.

(d) The county auditor shall allocate the amount retained under this section as a special allocation. The retained amount shall be allocated among public libraries as an additional property tax credit under IC 6-3.5-7-23 (before its repeal) would have been allocated.

(e) Money received under this section shall be treated for all purposes as property tax levies.

(f) A special allocation and property tax replacement credit under this section continues in effect until rescinded or reduced by ordinance adopted by the county fiscal body.

Sec. 4. (a) This section applies to a county that received a certified distribution of county adjusted gross income taxes in 2005.

(b) In addition to any other property tax replacement credit or homestead credit granted under this chapter, part of the amount that would otherwise be allocated to political subdivisions under IC 6-11-8 must be retained to replace revenue lost to a political subdivision as the result of granting additional property tax replacement credits under this section.

(c) The amount to be retained is the amount raised by the tax rate that is equal to the part of the county adjusted gross income tax rate that was imposed to raise the part of the county's 2005 certified distribution that was allocated to civil taxing units (as defined in IC 6-3.5-1.1-1 (repealed)) and school corporations as property tax replacement credits.

(d) An additional property tax replacement credit is established in each county to which this section applies. The department shall set the percentage of property tax replacement credits so that the total amount of additional property tax replacement credits granted equals the amount of the tax retained under this section. The additional property tax replacement credit shall be uniformly applied to property tax liability on taxable property in the county as follows:

(1) To the property tax liability of each eligible civil taxing unit, as determined under IC 6-11-8-15, for controlled property taxes.

(1) To the property tax liability of each school corporation for its general fund, debt service fund, capital projects fund, transportation fund, and special education preschool fund.

(e) The county auditor shall retain the amount necessary for the additional property tax replacement credit as a special

allocation. The retained amount shall be allocated among political subdivisions in proportion to the property tax revenue lost as the result of granting additional property tax replacement credits under this section.

(e) Money received under this section shall be treated for all purposes as property tax levies.

Sec. 5. (a) This section applies to a county that received a certified distribution of county adjusted gross income taxes in 2005.

(b) In addition to any other property tax replacement credit or homestead credit granted under this chapter, part of the amount that would otherwise be allocated to each eligible civil taxing unit, as determined under IC 6-11-8-15, under IC 6-11-8 must be retained to replace revenue lost to an eligible civil taxing unit as the result of granting additional property tax replacement credits under this section.

(c) The amount to be retained is the amount raised by the tax rate that is equal to the part of the county adjusted gross income tax rate that was imposed to raise the part of the county's 2005 certified distribution that was:

(1) allocated to eligible civil taxing units (as determined under IC 6-11-8-15) as certified shares; and

(2) used as additional property tax replacement credits.

(d) An additional property tax replacement credit is established in each county to which this section applies. The department shall set the percentage of property tax replacement credits so that the total amount of additional property tax replacement credits granted equals the amount of the tax retained under this section. The additional property tax replacement credit shall be uniformly applied to property tax liability on taxable property in the county of each eligible civil taxing unit, as determined under IC 6-11-8-15, for controlled property taxes.

(e) The county auditor shall retain the amount necessary for the additional property tax replacement credit as a special allocation. The retained amount shall be allocated among political subdivisions in proportion to the property tax revenue lost as the result of granting additional property tax replacement credits under this section.

(e) Money received under this section shall be treated for all purposes as property tax levies.

Sec. 6. (a) This section applies to any county.

(b) In addition to any other property tax replacement credit or homestead credit granted under this chapter, a council may adopt an ordinance to retain part of the amount that would otherwise be allocated to political subdivisions under IC 6-11-8 to replace revenue lost to a political subdivision as the result of granting additional property tax replacement credits under this section. The ordinance must specify the amount to be retained.

(c) An additional property tax replacement credit is established in each county to which this section applies. The department shall set the percentage of property tax replacement credits so that the total amount of additional property tax replacement credits granted equals the amount of the tax retained under this section. The additional property tax replacement credit shall be uniformly applied to all controlled property tax liability in the county.

(d) The county auditor shall retain the amount necessary for the additional property tax replacement credit as a special allocation. The retained amount shall be allocated among political subdivisions in proportion to the controlled property tax revenue lost as the result of granting additional property tax replacement credits under this section.

(e) Money received under this section shall be treated for all purposes as controlled property tax levies.

Sec. 7. (a) This section applies to any county.

(b) In addition to any other additional property tax replacements or homestead credits granted under this chapter, a council may adopt an ordinance to retain part of the amount that would otherwise be allocated to political subdivisions under IC 6-11-8 to replace revenue lost to a political subdivision as the result of granting an additional homestead credit under this section. The amount retained is not an excluded tax. An ordinance adopted in a county under IC 6-3.5-6-13 (repealed) before April 1, 2005, shall be treated as an ordinance adopted under this section if the ordinance would have been in effect in a year after 2005 if IC 6-3.5-6 had not been repealed.

(c) The maximum amount that may be retained under this section for an ensuing year is the greater of:

- (1) eight percent (8%) of the sum of the property taxes imposed in the county in the year immediately preceding the ensuing year; or
- (2) the amount that the county retained under IC 6-3.5-6-18(b) (repealed) in 2005 for the purposes of granting homestead credits.

The ordinance must specify the amount to be retained.

(d) An additional homestead credit is established in each county to which this section applies. The department shall set the percentage of the homestead credit so that the total amount of additional homestead credits granted equals the amount of the additional tax collected under this section. The additional homestead credit shall be applied as an increase in the homestead credit allowed in a taxing district under IC 6-1.1-20.9 for a year. The homestead credit shall be uniformly applied to all homesteads in the county.

(e) The county auditor shall retain the amount necessary for the homestead credit as a special allocation. The retained amount shall be allocated among political subdivisions in proportion to property tax revenue lost as the result of granting additional homestead credits under this section.

(f) Money received under this section shall be treated for all purposes as property tax levies.

Sec. 8. (a) This section applies to any county.

(b) In addition to any other property tax replacement credit or homestead credit granted under this article, the fiscal body of a political subdivision may adopt an ordinance to retain part of the amount that would otherwise be allocated to the political subdivision under IC 6-11-8 to replace revenue lost to a political subdivision as the result of granting additional property tax replacement credits under this section. The ordinance must specify the amount to be retained. The ordinance may be combined with an ordinance adopted under IC 6-11-15.

(c) An additional property tax replacement credit is established in each county to which this section applies. The additional property tax replacement credit applies to the

controlled property taxes imposed by the political subdivision adopting an ordinance under this section. The department shall set the percentage of property tax replacement credits so that the total amount of additional property tax replacement credits granted equals the amount of the tax retained under this section. The additional property tax replacement credit shall be uniformly applied to all taxpayer property tax liability for controlled property taxes imposed by the political subdivision.

(d) The county auditor shall retain the amount necessary for the additional property tax replacement credit as a special allocation. The retained amount shall be allocated to the political subdivision in proportion to the controlled property tax revenue lost as the result of granting additional property tax replacement credits under this section.

(e) Money received under this section shall be treated for all purposes as controlled property tax levies.

#### Chapter 17. Actions Taken by Fiscal Body Other Than Council

Sec. 1. This chapter applies to an action that under this article may be taken by a fiscal body that is not acting as a member of the council.

Sec. 2. A fiscal body may take an action after publishing a notice under IC 5-3-1.

Sec. 3. As soon as practical after its adoption, a certified copy of an ordinance or resolution adopted by a fiscal body shall be distributed to the:

- (1) county auditor;
- (2) department; and
- (3) department of state revenue.

Sec. 4. An ordinance or resolution adopted by a fiscal body may be amended or rescinded by adopting a subsequent ordinance or resolution.

Sec. 5. An ordinance or resolution adopted by a fiscal body before September 16 initially applies to the ensuing year. Unless waived by the department for good cause, an ordinance or resolution adopted after September 15 in a year initially applies to the year following the year of adoption by two (2) years.

#### Chapter 18. Bonds

Sec. 1. Notwithstanding any other law, if a political subdivision desires to issue obligations or enter into leases, payable wholly or in part by the tax, the obligations of the political subdivision or any lessor may be sold at public sale in accordance with IC 5-1-11 or at negotiated sale.

Sec. 2. A pledge of tax revenues under this article is enforceable in accordance with IC 5-1-14.

Sec. 3. With respect to obligations for which a pledge has been made under this article, the general assembly covenants with the county and the purchasers or owners of those obligations that this article will not be repealed or amended in any manner that will adversely affect the tax collected under this article as long as the principal of or interest on those obligations is unpaid.

SECTION 65. IC 6-12 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

#### ARTICLE 12. CONTROLLED TAX LIMIT

##### Chapter 1. Definitions

Sec. 1. The definitions in IC 6-1.1, IC 6-11, and IC 36-1-2 apply throughout this article.

Sec. 2. The definitions in this chapter apply throughout this article.

Sec. 3. "Adjustment" means an increase or a decrease of a:

- (1) political subdivision's controlled tax limit or controlled levy limit, or both;
- (2) political subdivision's property taxes or property tax rates;
- (3) county's income tax or income tax rate; or
- (4) political subdivision's allocation of income taxes; or

another action allowed under this article or IC 6-13.

Sec. 4. "Income tax" refers to a county income tax imposed under IC 6-13.

Sec. 5. "Indiana nonfarm personal income" means the estimate of total nonfarm personal income for Indiana in a year as computed by the federal Bureau of Economic Analysis using any actual data for the year and any estimated data determined to be appropriate by the federal Bureau of Economic Analysis.

#### Chapter 2. Excluded Taxes

Sec. 1. This article does not apply to the state or a political subdivision that does not have the power to impose a property tax.

Sec. 2. This article applies to the:

- (1) amount of controlled income taxes that may be imposed in a county for allocation to a political subdivision; and
- (2) controlled property taxes that may be imposed in a county by the political subdivision.

Sec. 3. The taxes described in section 2 of this chapter are controlled taxes subject to this article.

Sec. 4. This article does not apply to any part of:

- (1) an income tax imposed in a county; or
  - (2) a property tax levy imposed by a political subdivision;
- that is designated as an excluded tax under this chapter or IC 6-11.

Sec. 5. A controlled tax limit or controlled levy limit calculated under this article does not apply to an excluded tax.

Sec. 6. An excluded tax may not be considered in calculating a controlled tax limit, controlled levy limit, or annual controlled tax increase for any political subdivision.

Sec. 7. A property tax imposed for a debt service fund (as defined in IC 6-14-1-8) is an excluded tax.

Sec. 8. A fixed rate levy (as defined in IC 6-15-1-3) is an excluded tax.

Sec. 9. A property tax imposed for any of the following is an excluded tax:

- (1) A referendum tax levy fund (IC 21-2-11.6).
- (2) A school capital projects fund (IC 21-2-15).
- (3) A special education preschool fund (IC 21-2-17).
- (4) A racial balance fund (IC 6-1.1-19-10 (repealed) or IC 21-2-19).
- (5) A cultural institution (IC 20-5-17.5-4 (repealed) or IC 36-10-13-8).

Sec. 10. A:

- (1) tax imposed under IC 6-1.1-21.2-12; or
  - (2) special assessment imposed under IC 12-19-1.5-9;
- for an allocation area is an excluded tax.

Sec. 11. A part of the income tax rate that is:

- (1) imposed under IC 6-11-8; or
- (2) otherwise designated by law as an excluded tax.

#### Chapter 3. Limitations on Controlled Taxes

Sec. 1. A:

- (1) controlled tax limit; and
- (2) controlled levy limit;

is established for each political subdivision.

Sec. 2. If the political subdivision is located in more than one (1) county, a controlled tax limit and controlled levy limit is established for each county in which the political subdivision is located. The controlled tax limit and the controlled levy limit in each county must reflect a proportionate share of the total amount of controlled taxes that may be imposed for the political subdivision. The apportionment must reflect the factors applicable to apportioning an adjustment under IC 6-12-5-5.

Sec. 3. A political subdivision's controlled tax limit specifies the maximum total amount of controlled taxes that may be imposed in a county in a year for the political subdivision. Subject to section 16 of this chapter, an action taken by a political subdivision, the council, or the department of local government is void to the extent that it allows controlled taxes to be imposed in a county in a year for a political subdivision that exceeds the political subdivision's controlled tax limit in the county for the year.

Sec. 4. A political subdivision's controlled levy limit does not limit the amount of controlled property taxes that a political subdivision may impose in a county in a year. However, the political subdivision's controlled levy limit specifies the maximum total amount of the political subdivision's controlled taxes that is eligible for:

- (1) homestead credits under IC 6-1.1-20.9-2 and property tax replacement credits under IC 6-1.1-21-5; and
- (2) distributions under IC 6-1.1-21 to replace revenue lost from the granting of homestead credits under IC 6-1.1-20.9-2 and property tax replacement credits under IC 6-1.1-21-5.

Sec. 5. If a county does not pay all of a political subdivision's total allowable tax increase amounts from income taxes the political subdivision may impose a controlled property tax to raise the amount that is not raised from income taxes. However, the additional amount of property taxes is not eligible for:

- (1) homestead credits under IC 6-1.1-20.9-2 and property tax replacement credits under IC 6-1.1-21-5; and
- (2) distributions under IC 6-1.1-21 to replace revenue lost from the granting of homestead credits under IC 6-1.1-20.9-2 and property tax replacement credits under IC 6-1.1-21-5.

Sec. 6. A political subdivision's allocation of income taxes under IC 6-11-7 is calculated based on the political subdivision's controlled tax limit.

Sec. 7. A political subdivision is not required to spend the entire amount of the political subdivision's controlled tax limit for a year or impose property taxes equal to the amount of the political subdivision's controlled levy limit.

Sec. 8. The use of controlled income taxes to increase the amount of money in:

(1) the political subdivision's rainy day fund; or  
 (2) another fund that the political subdivision is saving under a written plan approved by the department;  
 does not reduce the political subdivision's controlled tax limit or controlled levy limit.

Sec. 9. The use of controlled income taxes as property tax replacement credits, homestead credits, or other credits under IC 6-11-15 does not reduce the political subdivision's controlled tax limit or controlled levy limit.

Sec. 10. A temporary adjustment, as determined by the department, in the amount of controlled income taxes or controlled property taxes that are imposed for a political subdivision is disregarded for purposes of determining the political subdivision's controlled tax limit and controlled levy limit for the following year.

Sec. 11. The application of money from:

- (1) the political subdivision's rainy day fund;
- (2) an excess revenue fund account;
- (3) excluded income taxes under IC 6-11-9 or IC 6-11-16;
- or
- (4) another source;

to reduce the controlled income taxes or controlled property taxes imposed for the political subdivision in a year shall be treated as a temporary adjustment.

Sec. 12. For purposes of determining a political subdivision's controlled tax limit, controlled levy limit, and allocations of controlled income taxes, the assignment of controlled income taxes under IC 6-11-14 or controlled property taxes to another entity shall be treated as if the money were expended by the assigning political subdivision.

Sec. 13. A political subdivision is not prohibited by law from using controlled income taxes to pay expenditures for a purpose or from a fund when a law imposes a limit at or requires expenditure of a specified property tax levy or specified property tax rate. The law shall be construed to mean that the total of all controlled income taxes and controlled property taxes that may or must be expended is the amount that would be raised by the specified levy or rate.

Sec. 14. Regardless of whether a political subdivision's controlled tax limit or controlled levy limit would permit a higher tax or rate, the controlled taxes that may be imposed in a year for a particular fund or purpose may not exceed the maximum tax amount or rate specified by law, if any, for the fund or purpose.

Sec. 15. An unused part of a political subdivision's controlled tax limit or controlled levy limit that is attributable to a:

- (1) family and children's fund;
- (2) children's psychiatric residential treatment services fund; or
- (3) school general fund;
- (4) school transportation fund; or
- (5) school bus replacement fund;

may not be reallocated and applied to increase the controlled tax limit or controlled levy limit for any other fund or purpose.

Sec. 16. If, as the result of applying the property tax and income tax rates certified by the department, more controlled taxes are raised for a political subdivision than the maximum

amount allowed under the political subdivision's controlled tax limit, the collection of the excess is valid. The excess shall be treated as excess revenue under IC 6-13-22.

#### Chapter 4. Computation of Controlled Tax and Levy Limits

Sec. 1. A political subdivision's controlled tax limit and controlled levy limit for a county are the controlled tax limit and controlled levy limit calculated by the department.

Sec. 2. The department shall annually calculate a political subdivision's controlled tax limit and controlled levy limit under this article.

Sec. 3. (a) This section does not apply to a school corporation.

(b) Subject to any adjustment allowed or required under this article, a political subdivision's controlled tax limit in a county for the ensuing year is equal to the amount determined under STEP SEVEN of the following formula:

STEP ONE: Determine the amount of controlled property taxes, as adjusted under IC 6-13-4-10, and controlled income taxes under IC 6-11-7 imposed in the county for the political subdivision for the immediately preceding year, as certified by the department and adjusted to eliminate the:

- (A) effects of any temporary adjustments in the certified amount; and
- (B) cumulative effects of any incorrect data, computations, and advertisements on the certified amount;

as determined by the department.

STEP TWO: Multiply the STEP ONE amount by the greater of the political subdivision's:

- (A) tax growth quotient; or
- (B) assessed value growth quotient;

for the ensuing year.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient of:

- (A) the assessed value of all taxable property subject to the political subdivision's controlled property tax levy for the ensuing year; divided by
- (B) the assessed value of all taxable property that is subject to the political subdivision's controlled property tax levy:

- (i) for the ensuing year; and
- (ii) that is contained in the geographic area that was subject to the political subdivision's controlled property tax levy in the preceding year.

STEP FOUR: Determine the greater of:

- (A) the amount determined in STEP THREE; or
- (B) one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO and:

- (A) the amount paid by the annexed area during the immediately preceding year for services that the political subdivision must provide to that area during the ensuing year as a result of the annexation, if the boundary change involved an annexation of an area to which the political subdivision provided services on a contractual basis in the immediately preceding year; or

(B) zero dollars (\$0), if:

- (i) the boundary change did not involve an annexation of an area to which the political subdivision provided services on a contractual basis in the immediately preceding year; or
- (ii) the political subdivision will not continue to provide the services previously provided on a contractual basis in the ensuing year.

STEP SEVEN: Determine the greater of STEP FIVE or STEP SIX.

Sec. 4. A political subdivision's tax growth quotient for the ensuing year is the amount determined under STEP FOUR of the following formula:

STEP ONE: For each of the six (6) years preceding the year by two (2), divide the Indiana nonfarm personal income for the year by the Indiana nonfarm personal income for the year immediately preceding that year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

- (A) The STEP THREE quotient.
- (B) One and six-hundredths (1.06).

Sec. 5. A political subdivision's assessed value growth quotient for the ensuing year is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the three (3) years that most immediately precede the ensuing year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the:

- (A) sum of:
  - (i) the political subdivision's total assessed value of all taxable property; plus
  - (ii) the total assessed value of property tax deductions in the political subdivision under IC 6-1.1-12-41 or IC 6-1.1-12-42;
 in the particular year; divided by
- (B) the sum of:
  - (i) the political subdivision's total assessed value of all taxable property; plus
  - (ii) the total assessed value of property tax deductions in the political subdivision under IC 6-1.1-12-41 or IC 6-1.1-12-42;

in the year immediately preceding the particular year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

Sec. 6. (a) A separate controlled tax limit shall be computed for each of the following:

- (1) The school corporation's school general fund and charter schools under IC 6-1.1-19-1.5.
- (2) The school corporation's transportation fund under IC 21-2-11.5-3.
- (3) The school corporation's school bus replacement fund under IC 21-2-11.5-3.

(b) A school corporation's controlled tax limit for the:

- (1) school corporation's school general fund and charter schools under IC 6-1.1-19-1.5 is the maximum controlled tax that may be imposed in the county under IC 6-1.1-19-1.5;
- (2) school corporation's transportation fund under IC 21-2-11.5-3 is the maximum controlled tax that may be imposed in the county under IC 21-2-11.5-3; and
- (3) school corporation's school bus replacement fund under IC 21-2-11.5-3 is the maximum controlled tax that may be imposed in the county under IC 21-2-11.5-3.

Sec. 7. The department shall compute a controlled tax limit for each political subdivision that imposed a property tax in 2005 as if this chapter applied to the political subdivision in 2005. The controlled tax limit computed under this section shall be used in computing a political subdivision's:

- (1) 2006 controlled tax limit under section 3 of this chapter; and
- (2) annual controlled tax increase that is eligible to be funded from income taxes under IC 6-11.

Sec. 8. The 2005 controlled tax limit for a political subdivision, other than a school corporation, is the sum of the following:

- (1) The remainder, without any adjustment under IC 6-13-4-10, of the total amount of property taxes certified by the department to be imposed in the county for the political subdivision in 2005:

- (A) after deducting the property taxes attributable to excluded taxes, as certified by the department; and
- (B) adjusted to eliminate the:

- (i) cumulative effects of any temporary adjustments in the certified amount; and
- (ii) cumulative effects of any incorrect data, computations, and advertisements on the certified amount;

as determined by the department.

- (2) The amounts, if any, of county adjusted gross income taxes (before its repeal) that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units, as provided in IC 6-3.5-1.1 (before its repeal) in 2005.

- (3) The amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT (before its repeal) in 2005.

- (5) The difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR (before its repeal); minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e) (before its repeal);

in 2005.

Sec. 9. A school corporation's 2005 controlled tax limit is the school corporation's controlled tax limit, as determined under section 6 of this chapter for 2005.

Sec. 10. Except as permitted to be increased under IC 6-12-5-6, a political subdivision's controlled levy limit for the



ensuing year is the lesser of the following:

- (1) The political subdivision's controlled levy limit for the immediately preceding year.
- (2) The political subdivision's controlled tax limit for the ensuing year.

Sec. 11. The department shall compute a controlled levy limit for each political subdivision that imposed a property tax in 2005 as if this chapter applied to the political subdivision in 2005. The controlled levy limit computed under this section shall be used in computing a political subdivision's:

- (1) 2006 controlled levy limit under section 10 of this chapter; and
- (2) annual controlled tax increase that is eligible to be funded from income taxes under IC 6-11.

Sec. 12. A political subdivision's 2005 controlled levy limit is equal to the political subdivision's 2005 controlled tax limit.

Sec. 13. (a) This section applies to the determination of the controlled tax limit and controlled levy limit for a political subdivision:

- (1) for which no certified taxes were imposed in the immediately preceding year; and
- (2) that existed on March 1 of the preceding year.

(b) The controlled tax limit for a political subdivision described in subsection (a) in the ensuing year is the amount certified under subsection (c).

(c) The political subdivision shall refer its proposed budget for the ensuing year to the department before July 2 of the immediately preceding year. The department shall make the final determination concerning the political subdivision's budget, controlled levy limit, and controlled tax limit for the ensuing year before the immediately following August 2. The amount certified under this section is the political subdivision's controlled levy limit and controlled tax limit for the ensuing year.

#### Chapter 5. Adjustments

Sec. 1. The department may make an adjustment for any of the reasons specified in this article or IC 6-13. The department may increase a controlled levy limit only as permitted under section 6 of this chapter.

Sec. 2. Subject to this article, an adjustment under this article may be made on the department's own motion or after an appeal under IC 6-13. To the extent possible, the department shall make adjustments required by this article before certifying a political subdivision's controlled tax limit and controlled tax levy to the political subdivision under IC 6-13-5.

Sec. 3. An adjustment may be a:

- (1) permanent adjustment that affects the computation of the political subdivision's controlled tax limit or controlled tax levy, or both, in all future years; or
- (2) temporary adjustment that affects the computation of the political subdivision's controlled tax limit or controlled tax levy, or both, in only the years specified by the department;

as determined by the department. The department may make an adjustment as a temporary adjustment only if the department determines that a law specifies that the adjustment is temporary, a permanent adjustment is not reasonably necessary to carry out the continuing governmental

responsibilities of a political subdivision, or the conditions that justify the adjustment will not have a continuing effect on the political subdivision.

Sec. 4. If an adjustment is temporary, the department shall determine the years to which the adjustment applies.

Sec. 5. If a political subdivision is located in more than one (1) county and an adjustment is not directly related to the controlled taxes raised in a particular county, the department may apportion the adjustment among the counties in which the political subdivision is located in proportion to any of the following:

- (1) Each county's share of the controlled taxes certified by the department for the political subdivision in the immediately preceding year, as determined without considering the adjustment.
- (2) Each county's share of the assessed valuation of taxable property in the political subdivision, if an apportionment under subdivision (1) does not justly reflect the obligation of each county to provide funding for the political subdivision.
- (3) The cost of the services provided to each county, if an apportionment under subdivisions (1) and (2) do not justly reflect the obligation of each county to provide funding for the political subdivision.
- (4) Any other formula that justly reflects the obligation of each county to provide funding for the political subdivision, if an apportionment under subdivisions (1) through (3) do not justly reflect the obligation of each county to provide funding for the political subdivision.

Sec. 6. The department may increase a political subdivision's controlled levy limit only:

- (1) as allowed under IC 6-11-4-13 concerning the establishment a controlled tax limit and controlled levy limit for a new political subdivision;
- (2) to make temporary adjustment to fund a shortfall in property taxes or correct the cumulative effects of incorrect data, computations, or advertisements on property taxes in appropriate circumstances; or
- (3) by the amount by which another political subdivision's controlled levy limit is reduced.

Sec. 7. An adjustment under this article or IC 6-13 is subject to judicial review in the same manner as an appeal under IC 6-13.

Sec. 8. The department may make an adjustment if a political subdivision, in an appeal filed under IC 6-13, demonstrates that the political subdivision cannot carry out the governmental functions committed to it by law without the adjustment unless the political subdivision is given the authority for which it petitions. The amount of the adjustment is that which is reasonably necessary for the political subdivision to carry out its governmental functions committed to it by law.

Sec. 9. The department may make an adjustment if a political subdivision, in an appeal filed under IC 6-13, demonstrates that the adjustment is reasonably necessary to fund the operation of:

- (1) a new facility opened by the political subdivision after December 31, 1972; or
- (2) an existing facility that has not been used for at least three (3) years and that is being reopened by the political

subdivision after July 1, 1988.

The adjustment, if approved, shall be an amount equal to the increase in costs resulting from the activity described in subdivision (1) or (2). In determining the amount of the increased costs, the department shall consider the costs to the political subdivision of complying with safety, health, space, heat, or lighting standards required by state or federal law or regulation and the other physical operation costs that in the opinion of the department justify an adjustment.

Sec. 10. The department may make an adjustment if a political subdivision, in an appeal filed under IC 6-13, demonstrates that the adjustment is reasonably necessary due to increased costs of the political subdivision resulting from:

- (1) annexation;
- (2) consolidation; or
- (3) other extensions of governmental services by the political subdivision to additional geographic areas or persons.

The amount of the adjustment is the amount reasonably necessary to pay the increased costs.

Sec. 11. The department may make an adjustment to eliminate the effects of temporary adjustments made by the department.

Sec. 12. Subject to section 13 of this chapter, the department may make an adjustment to eliminate the cumulative effects of incorrect data, computations, or advertisements on controlled taxes. If the adjustment is made for an ensuing year after income tax rates have been certified, the department may order a distribution from the political subdivision's rainy day fund for the ensuing year to replace the amount lost in the ensuing year as a result of the incorrect data, computations, or advertisements.

Sec. 13. The primary method of funding a shortfall is to order a distribution from the rainy day fund to cover the shortfall. The amount used to cover the shortfall would be replaced through the imposition of an excluded income tax under IC 6-11-9 in the years determined by the department. However, for good cause, the department may make an adjustment to eliminate the effects of a shortfall of controlled taxes.

Sec. 14. The department may make a temporary adjustment to eliminate a political subdivision's excessive cash balances:

- (1) that a political subdivision:
  - (A) has accumulated; or
  - (B) will accumulate in the ensuing year if an adjustment is not made under this section; and
- (2) that are available for the purposes for which a controlled tax would otherwise be imposed.

Sec. 15. The department may not consider any of the following as excessive cash balances:

- (1) Money in a political subdivision's rainy day fund under IC 36-1-8-5.1.
- (2) Money that is being accumulated by a political subdivision in a rainy day fund or for another purpose approved by the department.
- (3) Gifts, bequests, and grants from a private individual, the federal government, or another entity.
- (4) Money designated in a law as miscellaneous revenue or otherwise designated by law or rule of the department as

revenue that is not to be considered in determining a political subdivision's controlled tax limit.

(5) Excluded taxes.

(6) The proceeds of bonds or other obligations approved by the department.

Sec. 16. The department shall consider money in a political subdivision's excess revenue fund account under IC 6-13-22 as an excessive cash balance.

Sec. 17. The department may make an adjustment to reflect a reduction in the:

- (1) political subdivision's services;
- (2) political subdivision's cost of services; or
- (3) geographic areas or persons served by the political subdivision.

Sec. 18. The department shall make the adjustments reasonably necessary to do the following:

- (1) To pay the principal or interest on an obligation to meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1) other than loans and bonds payable under IC 6-15-3-8 .
- (2) To pay the principal or interest on an obligation to meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1) other than loans and bonds payable under IC 6-15-3-8.

#### Chapter 6. Additional Relief and Requirements

Sec. 1. If grounds exist for an adjustment under this article or IC 6-13, the department may do any of the following:

- (1) Order a transfer of money from the political subdivision's rainy day fund under IC 36-1-8-5.1 to temporarily replace the amount of the shortfall.
- (2) Order a transfer from the political subdivision's excess revenue fund account.
- (3) Grant any necessary permission for a grant or grants from any funds of the state that are available for the purpose.
- (4) Grant any necessary permission for a loan or loans from any funds of the state that are available for the purpose.
- (5) Grant any necessary permission for the political subdivision to borrow funds from a source other than the state or any necessary assistance in obtaining the loan.
- (6) Grant any necessary permission for an advance or advances of funds that will become payable to the political subdivision under any law providing for the payment of state funds to the political subdivision.
- (7) Grant permission to the political subdivision to:
  - (A) cancel any unpaid obligation of the political subdivision's general fund to the political subdivision's cumulative building fund; or
  - (B) use, for general fund purposes, any unobligated balance in the political subdivision's cumulative building fund and the proceeds of any levy made or to be made by the political subdivision for the political subdivision's cumulative building fund.
- (8) Grant permission, subject to any agreement with the bondholders, to use, for general fund purposes, any unobligated balance in any construction fund, including

any unobligated proceeds of a sale of the political subdivision's general obligation bonds.

Sec. 2. (a) This section applies only to a school corporation.

(b) This section does not apply to an adjustment granted for any of the following:

(1) An adjustment for the transportation fund that is necessary because of a transportation operating cost increase of at least ten percent (10%) over the preceding year as a result of at least one (1) of the following:

(A) A fuel expense increase.

(B) A significant increase in the number of students enrolled in the school corporation who need transportation or a significant increase in the mileage traveled by the school corporation's buses due to students enrolled in the school corporation as compared to the previous year.

(C) A significant increase in the number of students enrolled in special education who need transportation or a significant increase in the mileage traveled by the school corporation's buses due to students enrolled in special education as compared to the previous year.

(D) Increased transportation operating costs due to compliance with a court ordered desegregation plan.

(E) The closure of a school building within the school corporation that results in a significant increase in the distances that students must be transported to attend school in another school building.

(2) An adjustment that is necessary because the amount of total revenue actually received or estimated to be received by the school corporation on behalf of students transferring to the school corporation is less than the total transfer tuition payments actually made or estimated to be made on behalf of students transferring from the school corporation.

(c) Every school corporation with respect to which the department authorizes an adjustment under IC 6-12-5-8 is, if the school corporation accepts the adjustment, the school corporation is prohibited throughout any year in which or for which the school corporation receives the adjustment from taking any of the prohibited actions described in this section without the prior approval of the department.

(d) The prohibited actions are any of the following:

(1) The acquisition of real estate for school building purposes, the construction of new school buildings, or the remodeling or renovation of existing school buildings.

(2) The making of a lease of real or personal property for an annual rental or the incurring of any other contractual obligation (except an employment contract for a new employee, which contract is to supersede the contract of a terminating employee) calling for an annual outlay by the school corporation in excess of ten thousand dollars (\$10,000).

(3) The purchase of personal property for a consideration in excess of ten thousand dollars (\$10,000).

(4) The adoption or advertising of a budget, tax levy, or tax rate for any year.

(e) If a school corporation subject to the controls described in this section takes any of the actions described in subsection (d) without having obtained the prior approval of the department,

the department may take appropriate steps to reduce or terminate any adjustment granted under IC 6-12-5 or any other relief granted under section 1 of this chapter.

Sec. 3. (a) In addition to, or instead of, any adjustment under IC 6-12-5, the department may permit a school corporation to make a referendum tax levy for the ensuing year under this section if a majority of the individuals voting in a referendum held in the school corporation approves the school corporation making a referendum tax levy.

(b) If the school corporation requests that the department take the steps necessary to cause a referendum to be conducted, the department shall proceed as follows:

(1) The question to be submitted to the voters in the referendum must read as follows:

"For the \_\_ (insert number) year or years immediately following the holding of the referendum, shall the school corporation impose a property tax rate that does not exceed \_\_\_\_\_ (insert amount) cents (\$0.\_\_\_\_) (insert amount) on each one hundred dollars (\$100) of assessed valuation and that is in addition to the school corporation's normal tax rate?"

The voters in a referendum may not approve a referendum tax levy that is imposed for more than seven (7) years. However, a referendum tax levy may be reimposed or extended under this section.

(2) The department shall act under IC 3-10-9-3 to certify the question to be voted on at the referendum to the county election board of each county in which any part of the school corporation lies. Each county clerk shall, upon receiving the question certified by the department, call a meeting of the county election board to make arrangements for the referendum. The referendum shall be held in the next primary or general election in which all the registered voters who are residents of the school corporation are entitled to vote after certification of the question under IC 3-10-9-3. However, if the referendum would be held at a primary or general election more than six (6) months after certification by the department, the referendum shall be held at a special election to be conducted not less than ninety (90) days after the question is certified to the circuit court clerk or clerks by the department. The school corporation shall notify each affected county election board of the date on which the school corporation desires that the referendum be held, and, if practicable, the referendum shall be held on the day specified by the school corporation. The referendum shall be held under the direction of the county election board, which shall take all steps necessary to carry out the referendum. If a primary election, general election, or special election is held during the sixty (60) days preceding or following the special election described in this subdivision and is held in an election district that includes some, but not all, of the school corporation, the county election board may also adopt orders to specify when the registration period for the elections cease and resume under IC 3-7-13-10. Not less than ten (10) days before the date on which the referendum is to be held, the county election board shall cause notice of the question that is to be voted upon at the referendum to be published in

accordance with IC 5-3-1. If the referendum is not conducted at a primary or general election, the school corporation in which the referendum is to be held shall pay all the costs of holding the referendum.

(3) Each county election board shall cause the question certified to the circuit court clerk by the tax control board to be placed on the ballot in the form prescribed by IC 3-10-9-4. The county election board shall also cause an adequate supply of ballots and voting equipment to be delivered to the precinct election board of each precinct in which the referendum is to be held.

(4) The individuals entitled to vote in the referendum are all the registered voters resident in the school corporation.

(5) Each precinct election board shall count the affirmative votes and the negative votes cast in the referendum and shall certify those two (2) totals to the county election board of each county in which the referendum is held. The circuit court clerk of each county shall, immediately after the votes cast in the referendum have been counted, certify the results of the referendum to the department. If a majority of the individuals who voted in the referendum voted "yes" on the referendum question, the department, upon being notified of the result of the referendum, shall take prompt and appropriate steps to notify the school corporation that the appellant school corporation is authorized to collect, for the year that next follows the year in which the referendum is held, a referendum tax levy not greater than the amount approved in the referendum. The referendum tax levy may be imposed for the number of years approved by the voters following the referendum for the school corporation in which the referendum is held. If a majority of the individuals who voted in the referendum voted "yes" on the referendum question, the school corporation shall establish a referendum tax levy fund under IC 21-2-11.6. A school corporation's referendum tax levy may not be considered in the determination of the school corporation's state tuition support under IC 21-3-1.7 or the determination of the school corporation's controlled levy limit or controlled tax limit under this article and IC 21-3-1.7. If a majority of the persons who voted in the referendum did not vote "yes" on the referendum question, the school corporation may not make any referendum levy for its general fund, and another referendum under this section may not be held for a period of one (1) year after the date of the referendum.

Sec. 4. With respect to any political subdivision to which a loan or an advance of state funds is made under section 1 of this chapter, or for which a loan or an advance is recommended under section 1 of this chapter for purposes other than for the purpose of remedying a shortfall under IC 6-13-17-3, the department may authorize an additional excluded property tax levy for a specified year solely for the purpose of enabling the political subdivision to repay the loan or advance. The department shall, in the department's order, specify the amount of the authorized additional excluded property tax levy and take appropriate steps to ensure that the amount of the proceeds of the additional excluded property tax levy that should be used for loan repayment purposes is not used for any

other purpose. The department may not exercise the power described in this section for a particular subdivision for more than one (1) year in any period of four (4) consecutive years.

SECTION 66. IC 6-13 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

## **ARTICLE 13. FIXING BUDGETS AND BUDGET REVENUES**

### **Chapter 1. Definitions**

Sec. 1. The definitions in IC 6-1.1, IC 6-11, and IC 36-1-2 apply throughout this article.

Sec. 2. The definitions in this chapter apply throughout this article.

Sec. 3. "Income tax" refers to a county income tax imposed under IC 6-11.

### **Chapter 2. Exempt Political Subdivisions**

Sec. 1. This article applies to the imposition of controlled taxes and excluded taxes.

Sec. 2. This article applies to a political subdivision only if the political subdivision is granted the power by another law to impose a property tax, regardless of whether the political subdivision imposes a property tax.

Sec. 3. The budget of a political subdivision that:

- (1) does not have the power to impose a property tax; and
- (2) is a special taxing district, an authority, a board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to a political subdivision that has the power to impose a property tax;

must be included, in the manner specified by the department, in the budget presented by political subdivision with the power to impose a property tax.

### **Chapter 3. Local Government Tax Control Board**

Sec. 1. As used in this chapter, "board" refers to the local government tax control board.

Sec. 2. The local government tax control board is established.

Sec. 3. Except in matters related to school construction, school bonds, and school leases, the board consists of seven (7) voting members and two (2) nonvoting members. In the case of matters related to school construction, bonds, and leases, the board consists of eleven (11) voting members and two (2) nonvoting members.

Sec. 4. Seven (7) voting members of the board shall be appointed as follows:

- (1) One (1) member appointed by the state board of accounts.
- (2) One (1) member appointed by the department.
- (3) Five (5) members appointed by the governor. Three (3) of the members appointed by the governor must be citizens of Indiana who do not hold a political or an elective office in state or local government. The governor may seek the recommendation of representatives of the cities, towns, and counties before appointing two (2) members to the board. The governor may seek the recommendation of the state superintendent of public instruction with regard to one (1) of the governor's appointments.

Sec. 5. The additional members of the board for purposes of matters related to school construction, bonds, and leases shall

be appointed as follows:

- (1) One (1) member, appointed by the president pro tempore of the senate, who must be a business official of a school corporation and is not employed by a school corporation that is undergoing a construction project.
- (2) One (1) member, appointed by the president pro tempore of the senate, who must be an engineer knowledgeable in the construction of school buildings but who is not actively employed by an engineering firm that is involved in a school building construction project or who is not otherwise a party to a contract for engineering services for a school building construction project.
- (3) One (1) member, appointed by the speaker of the house of representatives, who must be an architect knowledgeable in the design of school buildings but who is not actively employed by an architectural firm that is involved in a school building construction project or who is not otherwise a party to a contract for architectural services for a school building construction project.
- (4) One (1) member, appointed by the speaker of the house of representatives, who must be a financial adviser who is not actively employed as a financial adviser to a school corporation that is involved in a school building construction project or who is not otherwise a party to a contract for financial advisory services for a school building construction project.

Sec. 6. The nonvoting members of the board shall be appointed as follows:

- (1) One (1) member of the house of representatives, appointed by the speaker of the house.
- (2) One (1) member of the senate, appointed by the president pro tempore of the senate.

Sec. 7. A member of the board serves at the will of the member's appointing authority.

Sec. 8. The board shall annually hold an organizational meeting. At this organizational meeting, the board shall elect a chairperson and a secretary from its membership. The board shall meet after each organizational meeting as often as its business requires.

Sec. 9. The department shall provide the board with rooms, staff, and secretarial assistance for its meetings.

Sec. 10. (a) Members of the board serve without compensation, except as provided in this section.

(b) Each member of the board who is not a state employee is entitled to receive both of the following:

- (1) The minimum salary per diem provided by IC 4-10-11-2.1(b).
- (2) Reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

(c) Each member of the board who is a state employee is entitled to reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency.

Sec. 11. To carry out its responsibilities, the local government tax control board has the power to:

- (1) conduct hearings; and
- (2) require any officer or member of a political subdivision to:
  - (A) appear before the local government control board; or
  - (B) provide the local government control board with any relevant records or books.

Sec. 12. If an officer or a member:

- (1) fails to appear at a hearing of the local government tax control board after having been given written notice from the local government tax control board requiring attendance of the officer or member; or
- (2) fails to produce for the local government tax control board's use the books and records that the local government tax control board by written notice required the officer or member to produce;

the local government tax control board may file an affidavit in the circuit court in the jurisdiction in which the officer or member may be found setting forth the facts of the failure.

Sec. 13. Upon the filing of an affidavit under section 12 of this chapter, the circuit court shall promptly issue a summons, and the sheriff of the county within which the circuit court is sitting shall serve the summons. The summons must command the officer or member to:

- (1) appear before the board;
- (2) provide information to the board; or
- (3) produce books and records for the board's use;

as the case may be.

Sec. 14. Disobedience of the summons constitutes, and is punishable as, a contempt of the circuit court that issued the summons.

Sec. 15. All expenses incident to the filing of an affidavit under section 12 of this chapter and the issuance and service of a summons shall be charged to the officer or member against whom the summons is issued, unless the circuit court finds that the officer or member was acting in good faith and with reasonable cause. If the circuit court finds that the officer or member was acting in good faith and with reasonable cause or if an affidavit is filed and no summons is issued, the expenses shall be charged against the county in which the affidavit was filed and shall be allowed by the proper fiscal officers of that county.

Sec. 16. In considering an appeal, the board has the power to:

- (1) conduct hearings; and
- (2) require any officer or member of a political subdivision to:
  - (A) appear before the board; or
  - (B) provide the board with any relevant records or books.

Sec. 17. If an officer or a member:

- (1) fails to appear at a hearing of the board after having been given written notice from the board requiring attendance of the officer or member; or
- (2) fails to produce for the board's use the books and records that the board by written notice required the officer or member to produce;

the board may file an affidavit in the circuit court in the

jurisdiction in which the officer or member may be found setting forth the facts of the failure.

Sec. 18. Upon the filing of an affidavit under section 17 of this chapter, the circuit court shall promptly issue a summons, and the sheriff of the county within which the circuit court is sitting shall serve the summons. The summons must command the officer or member to:

- (1) appear before the board;
- (2) provide information to the board; or
- (3) produce books and records for the board's use;

as the case may be.

Sec. 19. Disobedience of the summons constitutes, and is punishable as, a contempt of the circuit court that issued the summons.

Sec. 20. All expenses incident to the filing of an affidavit under section 17 of this chapter and the issuance and service of a summons shall be charged to the officer or member against whom the summons is issued, unless the circuit court finds that the officer or member was acting in good faith and with reasonable cause. If the circuit court finds that the officer or member was acting in good faith and with reasonable cause or if an affidavit is filed and no summons is issued, the expenses shall be charged against the county in which the affidavit was filed and shall be allowed by the proper fiscal officers of that county.

#### Chapter 4. General Provisions

Sec. 1. Except as provided by this article, a political subdivision may not expend money that is not appropriated in conformity with this article.

Sec. 2. Except as corrected under IC 6-13-5 or adjusted under another provision of this article, the appropriation of any combination of:

- (1) property taxes; or
- (2) income taxes;

may not exceed the amount of income taxes and the property taxes advertised under IC 6-13-7.

Sec. 3. A:

- (1) political subdivision's budget, property taxes, property tax rates, and allocations of income tax; and
- (2) county's income tax and income tax rate;

for the ensuing year must be imposed or made at the amount or rate certified by the department, as adjusted after any appeal to the tax court as allowed by law. The excess is void.

Sec. 4. The excess of an expenditure that does not comply with section 1 of this chapter or the part of a tax that exceeds an amount or a rate permitted under sections 2 and 3 of this chapter is void.

Sec. 5. The department may prescribe the forms that must be used and the information to be included in forms used under this article. A form prescribed by the department must be approved by the state board of accounts.

Sec. 6. The department may delay the time in which any action required under this article must be completed for just cause. Notice of the delay must be given to the affected political subdivisions.

Sec. 7. A political subdivision shall:

- (1) use the forms prescribed by the department and approved by the state board of accounts; and

(2) comply with any change in a deadline made under section 6 of this chapter.

Sec. 8. The department shall enforce this article, IC 6-11, IC 6-12, IC 6-14, IC 6-15, and all other laws governing budgets and the imposition of property taxes and income taxes by a political subdivision or the council.

Sec. 9. To the extent waived by the department, failure of the council, a political subdivision, the local government control board, or the department to complete any action within the time or time limits provided by this article or any other law does not invalidate any expenditure, tax, or tax rate. In exercising any waiver under this section, the department shall give taxpayers a reasonable opportunity to appeal budgets, taxes, and tax rates under this article.

Sec. 10. After 2005, for the purposes of certifying property taxes and property tax rates and applying homestead credits and property tax replacement credits:

- (1) the department;
- (2) county auditors; and
- (3) county treasurers;

shall compute, apply, and bill property taxes, property tax, homestead credits, and property tax replacement credits rates in counties that received a certified distribution of county adjusted gross income tax in 2005 the same way that the department calculates and applies property taxes, property tax rates, homestead credits, and property tax replacement credits in other counties.

Sec. 11. The department may establish the method by which calculations for controlled tax limits, controlled levy limits, total allowable tax increase amounts, annual controlled tax increases, taxes, tax rates, allocations, distributions, property tax replacement credits, homestead credits, and other related matters are rounded whenever a law does not establish the method for rounding.

#### Chapter 5. Exchange of Revenue Data and Assumptions; Correction of Errors

Sec. 1. Each year before July 2 or a later date specified by the department, a county auditor shall certify to the department the property tax and assessed value information specified by the department.

Sec. 2. Each year before August 2, the department shall certify the following information for each political subdivision:

- (1) The political subdivision's controlled tax limit for the current year and the political subdivision's controlled tax limit for the ensuing year, as determined before granting any appeals under IC 6-13-13 or making any corrections under this chapter.
- (2) The political subdivision's controlled levy limit for the current year and the political subdivision's controlled levy limit for the ensuing year.
- (3) The political subdivision's annual controlled tax increase for the ensuing year and the political subdivision's total allowable tax increase amount for all years after 2005.
- (4) The total amount that must be deposited in the political subdivision's rainy day fund and an estimate of the excluded income tax that must be imposed in the ensuing year to raise the amount of the deposit and the part of the amount imposed for the rainy day fund that is attributable

to replacing amounts expended to fund shortfalls, appeals, or eliminate the effects of incorrect data, computations and advertisements.

(5) An estimate of the controlled income tax rate and excluded tax rate increases in the county that are necessary to the sum of the annual controlled tax increases and excluded tax increases that must be imposed in the ensuing year for all political subdivisions in the county.

(6) Any other information that the department determines is necessary for the political subdivision to adopt a budget, taxes, and tax rates.

Sec. 3. A separate calculation must be made under section 2 of this chapter for each county in which a political subdivision is located. The calculation for a county applies only to the part of the political subdivision that is located in the county.

Sec. 4. The department of state revenue and the budget agency shall assist the department in forecasting and computing income tax information.

Sec. 5. The information certified under section 2 of this chapter must be distributed to the:

- (1) fiscal officer of the political subdivision; and
- (2) county auditor of each county in which the political subdivision is located.

Sec. 6. The department shall provide with all tax rates, tax amounts, and other calculations distributed to a county auditor or political subdivision the supporting work papers needed to verify the accuracy and completeness of the tax rates, tax amounts, and other calculations.

Sec. 7. Each year before August 2, a county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the department. The statement must contain at least the following:

- (1) Information concerning the assessed valuation in the political subdivision for the ensuing year.
- (2) An estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current year.
- (3) The current assessed valuation as shown on the abstract of charges.
- (4) The average growth in assessed valuation in the political subdivision over the preceding three (3) years, excluding years in which a general reassessment occurs, determined according to procedures established by the department.
- (5) The balance in the political subdivision's excess revenue fund account.
- (6) Any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

Sec. 8. The estimate of taxes to be distributed under section 7 of this chapter must be based on:

- (1) the abstract of taxes levied and collectible for the current year, less any taxes previously distributed for the year; and
- (2) any other information at the disposal of the county auditor that might affect the estimate.

Sec. 9. The fiscal officer of each political subdivision shall review and present the information received under this chapter

to the proper officers of the political subdivision.

Sec. 10. If any information:

- (1) certified under this chapter;
- (2) distributed by the department to a council, county auditor, or political subdivision under any law;
- (3) distributed by the county auditor to a council, a political subdivision, or the department under any law; or
- (4) distributed by a political subdivision to a council, the county auditor, another political subdivision, or the department under any law;

relating to property taxes or income taxes contains an error, the authority distributing the information may correct the error by distributing an amended statement identifying the changes being made and the source of the error. If a fiscal officer discovers an error, the fiscal office shall notify the authority distributing the information to resolve the error.

Sec. 11. (a) The department may adjust taxes, tax rates, budgets, allocations, distributions, property tax replacement credits, homestead credits, controlled levy limits, and controlled tax limits, order a temporary distribution from a political subdivision's rainy day fund, or take any other action, as necessary, to eliminate the cumulative effect of incorrect data, computations, or advertisements if the proposed adjustment:

- (1) either:
    - (A) is based on information first obtained by the political subdivision or council after the initial publication of a notice for a public hearing under this article or IC 6-11;
    - (B) results from:
      - (i) an erroneous computation or any other mathematical error; or
      - (ii) the use of erroneous data; or
    - (C) is based on an advertising error; and
  - (2) in the case of an adjustment affecting the amount of a tax or a tax rate, is published by the county auditor or a political subdivision according to a notice provided by the department.
- (b) The department may take an action under this section:
- (1) on its own motion after notifying the affected political subdivision and the county auditor for the affected county;
  - (2) after receiving notice of an error under section 10 of this chapter; or
  - (3) as part of an appeal under IC 6-13-13.

A request under this section may be combined with a request under IC 6-13-17 to make up a shortfall.

Sec. 12. Information, as corrected under this chapter, shall be used in setting budgets, controlled tax limits, controlled levy limits, taxes, tax rates, allocations, and distributions of controlled taxes and excluded taxes.

Sec. 13. The department shall under IC 6-11 compute tax amounts, tax rates, allocations, reserves, retention amounts, and distribution amounts to be used by councils, county auditors, and political subdivisions in administering the county income tax.

Sec. 14. The department shall establish a regular schedule throughout each year for the distribution to county auditors and the fiscal officer of each political subdivision of supplemental income tax forecasts and other information that will assist political subdivisions in the administration of budgets

and taxes.

#### Chapter 6. Annual Hearing on County Income Taxes

Sec. 1. IC 6-11 applies to the adoption of income taxes in a county.

Sec. 2. Before August 7 of each year, the county auditor shall publish a notice under IC 5-3-1:

- (1) explaining the county income taxes for the ensuing year; and
- (2) providing the public with notice of the date, time, and place that a public hearing will be held on the county income taxes a resolution proposing an ordinance to the council;
- (3) notice of any ordinance being proposed under IC 6-11-7-10; and
- (4) an explanation of any pending actions before the council related to the adoption or change in an excluded income tax.

Sec. 3. Before August 21, the council shall conduct a public hearing in the county seat for the county. Each fiscal body that is a member of the council shall designate at least one (1) member of the council to attend the public hearing.

Sec. 4. Members of the council must be available at the public hearing to hear public testimony and to answer questions from the public about the county income tax.

Sec. 5. As soon as practicable after the public hearing, the county auditor shall prepare a written summary of the meeting and distribute the summary to the chair of each fiscal body that is a member of the council.

#### Chapter 7. Estimated Budget; Property Tax Levies; Public Notice

Sec. 1. The proper officers of a political subdivision shall formulate an estimated budget for the political subdivision that identifies the source of revenue for each proposed appropriation. However, state and federal government distributions for township assistance, unemployment relief, old age pensions, and other funds that may at any time be made available under The Economic Security Act or under any other federal act that provides for civil and public works projects need not be made part of the budget.

Sec. 2. The political subdivision shall give notice by publication to taxpayers of at least the following:

- (1) The estimated budget for the ensuing year that identifies the sources of revenue for each fund that the political subdivision proposes to use to fund the budget.
- (2) If any proposed ordinances are pending before the council in the county, a separate explanation of any changes the political subdivision will make in its budget or in the sources of revenue that the political subdivision proposes to use to fund its budget if the pending ordinances are adopted.
- (3) The current and proposed property tax levies of each fund.
- (4) The amount by which the political subdivision is seeking to increase the political subdivision's controlled tax limit or controlled levy limit, or both, by appeal under this article, the sources of revenue that the political subdivision intends to use in the ensuing year to fund the amount under appeal, and an explanation of the extent to which the appeal will

permanently increase the amount and rate of taxes imposed in subsequent years.

(5) The explanation of the political subdivision's budget, taxes, and other revenues that are required by the department.

Sec. 3. A notice under this chapter may not include an amount for a cumulative fund sinking fund, or other fund with a fixed rate levy that is subject to IC 6-15 if notice is not given to the department in conformity with IC 6-15.

Sec. 4. A political subdivision that is located in more than one (1) county must publish a notice in each county. The notice published for a county must separately state the amount of taxes to be raised in the county for the estimated budget.

Sec. 5. In the notice, the political subdivision shall state the date, time, and place at which at least one (1) public hearing will be held on the political subdivision's estimated budget and proposed sources of revenues to fund the estimated budget.

Sec. 6. The notice must be published at least two (2) times before the hearing in accordance with IC 5-3-1. The first publication of the notice must occur at least ten (10) days before the date fixed for the public hearing.

Sec. 7. A political subdivision shall conduct each public hearing on the political subdivision's estimated budget and proposed taxes and other sources of revenue to fund the estimated budget at the date, time, and place specified in the notices published under this chapter. However, the political subdivision may move the location of a hearing to another room by posting a notice at the door where the published notice indicates the meeting will be held if:

- (1) moving to another room is necessary to accommodate all persons who wish to attend the hearing or if circumstances make the original meeting place unuseable; and
- (2) the site of the relocated hearing is easily accessible from the original meeting place.

Sec. 8. A political subdivision that is located in more than one (1) county may conduct a hearing required under this chapter in any county in which the political subdivision is located. The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) shall conduct the public hearing required under this chapter in accordance with the annual notice of meetings published under IC 13-21-5-2.

Sec. 9. Except to the extent waived by the department, if a fiscal body does not formulate and publish:

- (1) its estimated budget; and
- (2) the proposed revenue sources needed to fund the estimated budget;

as required under this chapter, the most recent annual appropriations and estimated budget revenue sources needed to fund the estimated budget shall be treated as the estimated appropriations and estimated budget revenue sources needed to fund the estimated budget formulated by the political subdivision for the ensuing budget year.

#### Chapter 8. Objection to Estimated Budget or Proposed Taxes After Hearing

Sec. 1. Ten (10) or more property taxpayers may object to:



(1) a political subdivision's budget; or  
 (2) the property taxes proposed to fund the budget;  
 or both, by filing an objection petition with the fiscal officer of the political subdivision not more than seven (7) days after the hearing.

Sec. 2. The objection petition must specifically identify the provisions of the:

- (1) budget; and
- (2) property taxes;

to which the taxpayers object.

#### Chapter 9. Adoption of Budget

Sec. 1. The fiscal body shall meet each year to adopt one (1) or more ordinances to fix:

- (1) a budget for the political subdivision that identifies the sources of revenue for each appropriation; and
- (2) the property tax levies and property tax rates necessary to fund the adopted budget;

for the ensuing year.

Sec. 2. Subject to section 7 of this chapter, the fiscal body must comply with section 1 of this chapter before October 1.

Sec. 3. Except for Indianapolis, Marion County, or a second class city, the last public hearing specified in the notice under IC 6-13-7 must be completed at least ten (10) days before the fiscal body of the political subdivision takes final action under section 1 of this chapter. A public hearing, by any committee or by the entire fiscal body, for Indianapolis, Marion County, or a second class city may be held at any time after introduction of the budget.

Sec. 4. If a petition is filed under IC 6-13-8 before the date that the fiscal body takes final action on the budget, property tax levies, and property tax rates, the fiscal body of the political subdivision shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

Sec. 5. (a) After a political subdivision adopts one (1) or more ordinances under section 1 of this chapter, the political subdivision shall immediately file with the county auditor the information in subsection (b).

(b) The political subdivision must file the number of copies of the following specified by the department with the county auditor:

- (1) The budget for the political subdivision that identifies the sources of revenue for each appropriation.
- (2) The property tax levies and property tax rates that the political subdivision imposed to fund the adopted budget.
- (3) Any findings adopted under section 4 of this chapter.

Sec. 6. Except to the extent waived by the department, if a fiscal body does not:

- (1) fix a budget; and
- (2) impose property tax levies and property tax rates;

as required under this chapter, budget, property tax levies, and property tax rates most recently adopted in accordance with law shall be treated as the budget, property tax levies, and property tax rates adopted by the political subdivision for the ensuing year.

Sec. 7. (a) This section applies only to a school corporation that is engaged in a pilot project to operate under a budget year that is not a year.

(b) Before February 1 of each year, the officers of the school corporation shall meet to fix the budget for the school corporation for the ensuing budget year, with notice given by the same officers. However, if a resolution adopted under subsection (d) is in effect, the officers shall meet to fix the budget for the ensuing budget year before the date specified in section 2 of this chapter.

(c) The school corporation shall file with the county auditor:

- (1) a statement of the budget revenue resources needed to fund the budget adopted by school corporation for the ensuing budget year;
- (2) two (2) copies of the budget adopted by the school corporation for the ensuing budget year; and
- (3) any written notification from the department under this article that specifies a proposed revision, reduction, or increase in the budget adopted by the school corporation for the ensuing budget year.

(d) The governing body of the school corporation may adopt a resolution to cease using a school year budget year and return to using a calendar year budget year. A resolution adopted under this subsection must be adopted after January 1 and before July 1. The school corporation's initial calendar year budget year following the adoption of a resolution under this subsection begins on January 1 of the year following the year the resolution is adopted. The first six (6) months of the initial calendar year budget for the school corporation must be consistent with the last six (6) months of the final school year budget fixed by the department of local government finance before the adoption of a resolution under this subsection.

(e) A resolution adopted under subsection (d) may be rescinded by a subsequent resolution adopted by the governing body. If the governing body of the school corporation rescinds a resolution adopted under subsection (d) and returns to a school year budget year, the school corporation's initial school year budget year begins on July 1 following the adoption of the rescinding resolution and ends on June 30 of the following year. The first six (6) months of the initial school year budget for the school corporation must be consistent with the last six (6) months of the last calendar year budget fixed by the department of local government finance before the adoption of a rescinding resolution under this subsection.

#### Chapter 10. Review of Budget of Political Subdivision With Unelected Board

Sec. 1. IC 36-3-6-9 and not section 2 of this chapter applies to political subdivisions listed in IC 36-3-6-9.

Sec. 2. This chapter applies only:

- (1) to each governing body of a political subdivision that is not comprised of a majority of officials who are elected to serve on the governing body; and
- (2) if:

(A) either:

- (i) the proposed budget of the political subdivision (other than a public library) that is to be funded from property taxes and income tax for the ensuing year is more than five percent (5%) greater than the amount funded from property taxes and income tax (or in 2005, county adjusted gross income tax, county option income tax, or county economic development tax) in

the current year; or

(ii) the proposed operating budget of a public library that is to be funded from property taxes and income tax for the ensuing year is more than five percent (5%) greater than the amount funded from property taxes and income tax (or in 2005 county adjusted gross income tax, county option income tax, or county economic development tax) in the current year;

(B) the political subdivision is not a school corporation; and

(C) the political subdivision is not listed in IC 36-3-6-9.

Sec. 3. The governing body of a political subdivision other than a public library shall submit its proposed budget, tax rates, and tax levies to the fiscal body determined under section 4 of this chapter. The governing body of a public library shall submit its proposed operating budget and tax rates and tax levies for the operating budget to the fiscal body determined under IC 36-12-1-14. The:

(1) proposed budget; and

(2) proposed tax levies needed to fund the proposed budget; fixed by the governing body shall be submitted at least fourteen (14) days before the appropriate fiscal body is required to hold budget approval hearings under IC 6-13-7.

Sec. 4. (a) The appropriate fiscal body required to conduct a review under section 5 of this chapter for a political subdivision other than a public library is the fiscal body determined under this section.

(b) If:

(1) the assessed valuation of a political subdivision without a majority of elected officials on its governing board is entirely contained within a city or town; or

(2) the assessed valuation of the political subdivision is not entirely contained within a city or town but the political subdivision was originally established by the city or town; the governing body shall submit the information required under section 2 of this chapter to the city or town fiscal body.

(c) If subsection (b) does not apply, the governing body of the political subdivision shall submit the information required under section 3 of this chapter to the county fiscal body in the county where the political subdivision has the most assessed valuation.

Sec. 5. The reviewing fiscal body shall review the information provided under section 3 of this chapter and adopt an ordinance fixing:

(1) a final budget; and

(2) property tax rates and property tax levies needed to fund the final budget;

for the political subdivision. The reviewing fiscal body may reduce or modify but not increase the proposed budget, property tax rates, and property tax levies needed to fund the proposed budget. However, the power to review information and adopt budgets, property tax rates, and property tax levies for a public library is limited to the operating budget of the public library.

Chapter 11. Notice of Adoption of Budget, Tax Rates, and Tax Levies

Sec. 1. Before October 1, the county auditor shall send a certified copy of:

(1) any income tax ordinance adopted in the year; and

(2) the results of the vote on the ordinance;

to the department and the department of state revenue by certified mail, if the county auditor has not previously sent the information under IC 6-11-3.

Sec. 2. In each year before October 15, the county auditor shall prepare a notice of the:

(1) property tax rates to be charged on each one hundred dollars (\$100) of assessed valuation in each taxing district in;

(2) income taxes to be imposed in the county in; and

(3) the actions taken by the council in the year that affect; the ensuing year. The notice shall also inform taxpayers that the department shall conduct a hearing under IC 6-13-14 on the budgets and taxes adopted in the county. To the extent reasonably determinable by the county auditor, the notice must indicate the extent to which a proposed tax or tax rate exceeds the limitations imposed by law on the income taxes and property taxes imposed for any political subdivision in the county. The notice must also inform the taxpayers of the manner in which they may initiate an appeal of a political subdivision's action. The county auditor shall post the notice at the county courthouse and publish it in two (2) newspapers that represent different political parties and have a general circulation in the county.

Sec. 3. The county auditor shall certify the:

(1) budgets adopted for political subdivisions in the county for the ensuing year;

(2) property tax levies, property tax rates, and income tax rate to be imposed in the county in the ensuing year; and

(3) any other information required by the department; to the department for final review.

Sec. 4. To the extent reasonably determinable by the county auditor, the certification under section 3 of this chapter must indicate the extent to which a proposed tax or tax rate exceeds the limitations imposed by law on income taxes or property taxes imposed for any political subdivision in the county. The county auditor shall give notice to the affected political subdivision of any certification made under this section.

Chapter 12. Taxpayer Appeal of Final Budget Action

Sec. 1. Except as provided in this chapter, ten (10) or more property taxpayers in a political subdivision may initiate an appeal to the department from a final action on:

(1) any part of the budget adopted by the political subdivision; or

(2) one (1) or more property tax levies or property tax rates imposed by the political subdivision;

for the ensuing year by filing a statement of their objections with the county auditor.

Sec. 2. An objection under section 1 of this chapter must be filed not later than ten (10) days after the publication of the notice required under IC 6-13-11.

Sec. 3. The statement must specifically identify the provisions of the budget, property tax levies, property tax rates, income tax, or income tax rate to which the taxpayers object.

Sec. 4. The county auditor shall forward an objection filed under this chapter to the department.

**Sec. 5.** This section applies to provisions of the budget and tax levy of a political subdivision:

- (1) against which an objection petition was filed under IC 6-13-8; and
- (2) that were not changed by the fiscal body of the political subdivision after hearing the objections.

A group of ten (10) or more property taxpayers may not initiate an appeal under section 1 of this chapter if less than seventy-five percent (75%) of the objecting taxpayers under IC 6-13-8 are objecting taxpayers with respect to the objection statement filed under section 1 of this chapter.

#### **Chapter 13. Political Subdivision Appeals**

**Sec. 1.** A political subdivision or county auditor in any county where the political subdivision is located may use the procedures in this chapter to petition for an adjustment in any combination of the following:

- (1) The amount of a political subdivision's controlled tax limit or controlled levy limit for the ensuing year.
- (2) A political subdivision's property tax levy or property tax rate.
- (3) The amount of income tax that will be allocated to a political subdivision; in a county where the political subdivision is located.
- (4) One (1) or more appropriations in a political subdivision's budget.
- (5) The amount of money:
  - (A) from a political subdivision's rainy day fund to be used to fund expenditures in the ensuing year; or
  - (B) to be deposited in the political subdivision's rainy day fund in the ensuing year.

**Sec. 2.** A petitioner may:

- (1) before October 1 of the year immediately preceding the ensuing year; or
- (2) in the case of a request related to a:
  - (A) correction of computations or data under IC 6-13-5; or
  - (B) shortfall under IC 6-13-17;
 that does not affect an income tax rate before January 1 of the ensuing year;

appeal to the department for an adjustment described in section 1 of this chapter.

**Sec. 3.** In the appeal, the petitioner must state:

- (1) the nature of the requested adjustment; and
- (2) the grounds that authorize the adjustment.

The petitioner must support these allegations by reasonably detailed statements of fact.

**Sec. 4.** A taxpayer that files a proper objection under:

- (1) IC 6-13-12-1 concerning a budget, property tax rate, or property tax levy that is the subject of an appeal under this chapter is a party to the appeal under this chapter; and
- (2) IC 6-13-12-2 concerning an income tax or income tax rate that is the subject of an appeal under this chapter, is a party to the appeal under this chapter.

**Sec. 5.** The department shall promptly deliver to the local government tax control board every appeal petition it receives under section 2 of this chapter and any materials it receives relevant to those appeals.

**Sec. 6.** The department shall give expedited treatment to matters related to the following:

- (1) An income tax or income tax rate.
- (2) An emergency request for relief by a school that requires a referendum under IC 6-12.

**Sec. 7.** Upon receipt of an appeal petition, the local government tax control board shall immediately proceed to the examination and consideration of the merits of the petitioner's appeal.

**Sec. 8.** After the examination, the local government tax control board shall make a recommendation to the department.

**Sec. 9.** The department, upon receiving a recommendation from the local government tax control board, shall enter an order:

- (1) adopting;
- (2) rejecting; or
- (3) adopting in part and rejecting in part;

the recommendation of the local government tax control board.

**Sec. 10.** The department may make only the adjustments allowed by law. The department shall make the adjustments necessary to fund any appropriation that is required by law.

**Sec. 11.** The petitioner or any affected political subdivision may petition for judicial review of the final determination of the department under this chapter. The action must be taken to the tax court under IC 6-1.1-15 in the same manner that an action is taken to appeal a final determination of the Indiana board. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its final order under this chapter.

#### **Chapter 14. State Review of Budgets and Budget Revenue Resources**

**Sec. 1.** The department shall review and certify under this chapter the:

- (1) budget, property tax levies, and property tax rates of each political subdivision;
- (2) income tax and income tax rate imposed by each county; and
- (3) allocations of income taxes to each political subdivision; for an ensuing year.

**Sec. 2.** The department shall revise or reduce budgets, taxes, tax rates, and allocations in order to limit:

- (1) property tax rates, property tax levies, income taxes, and income tax rates to the maximum amount permitted by law, after making any adjustments allowed by law; and
- (2) a budget to the amount of revenue, including cash balances and transfers from a rainy day fund, that is available in the ensuing year to the political subdivision to fund the budget.

**Sec. 3.** The department may increase:

- (1) a part of a budget that is funded from controlled taxes; or
- (2) the amount or rate of controlled taxes;

only as permitted under IC 6-12 and this article.

**Sec. 4.** The department shall make a revision or reduction in a political subdivision's budget only with respect to the total amounts budgeted for each office or department within each of the major budget classifications prescribed by the state board of accounts.

Sec. 5. Before the department reviews, revises, reduces, or increases:

- (1) a political subdivision's budget, taxes, or tax rates;
- (2) an income tax, an income tax rate, or an allocation of income taxes; or
- (3) a controlled tax limit or controlled levy limit;

the department must hold a public hearing on the matters described in this section. The department shall hold the hearing in the affected county. The department may hear matters affecting more than one (1) political subdivision at the same public hearing.

Sec. 6. At least five (5) days before the date fixed for a public hearing, the department shall give notice of the time and place of the hearing, the budgets, the taxes and tax rates, and the allocations to be considered at the hearing. If any matter is under appeal under IC 6-13-13, the department shall include a brief description of the matter in the notice. The department shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the department of local government finance shall publish the notice in that newspaper.

Sec. 7. The department shall give the affected political subdivisions written notification specifying any revision, reduction, or increase the department proposes to make. If the adjustment is a reduction in a budget, tax, tax rate, or allocation, a political subdivision has one (1) week after the date the political subdivision receives the notice to provide a written response to the department's Indianapolis office specifying how to make the required reductions in the amount budgeted for each office or department. The department shall make reductions as specified in the political subdivision's response if the response is provided as required by this section and sufficiently specifies all necessary reductions.

Sec. 8. The department may not approve taxes, tax rates, or allocations for lease payments by a city, town, county, library, or school corporation if the lease payments are payable to a building corporation for use by the building corporation for debt service on bonds and if:

- (1) no bonds of the building corporation are outstanding; or
- (2) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested.

Sec. 9. The department shall certify its actions to:

- (1) the county auditor of each affected county; and
- (2) each affected political subdivision.

Sec. 10. The following may petition for judicial review of the final determination of the department under this chapter:

- (1) The political subdivision.
- (2) If an objection is filed under IC 6-13-12, a taxpayer who signed the objection.
- (3) The county auditor.
- (4) With respect to income tax rates, the department of state revenue.

The petition must be filed in the tax court not more than forty-five (45) days after the department certifies its action under section 9 of this chapter.

Sec. 11. Except as otherwise provided, the department is expressly directed to complete the duties assigned to it under this chapter not later than:

- (1) November 1 immediately preceding the ensuing year for matters related to an income tax or income tax rate; and
- (2) February 15 of the ensuing year for all other matters.

Sec. 12. The department shall annually review the budget of each school corporation before April 2 each year. The department shall give the school corporation written notification specifying any revision, reduction, or increase the department proposes in the school corporation's budget. A public hearing is not required in connection with this review of the budget.

#### Chapter 15. Publication of Final Tax Rates

Sec. 1. After the county auditor has prepared the tax duplicate for a year under IC 6-1.1-22-3, the county treasurer shall publish the notice required under IC 6-1.1-22-4.

Sec. 2. As part of the notice required under IC 6-1.1-22-4, the county treasurer also shall:

- (1) give notice of the total county income tax rate imposed in the county for the year; and
- (2) separately identify the part of the total county income tax rate that is imposed:
  - (A) under IC 6-11-7;
  - (B) as an excluded tax rate under IC 6-11-8; and
  - (C) under each law authorizing an excluded tax rate in addition to the excluded rate imposed under IC 6-11-8;

and the general purpose of each of the separate rates.

#### Chapter 16. Supplemental Budgets

Sec. 1. If the fiscal body of a political subdivision desires to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, the fiscal body shall give notice of its proposed additional appropriation. The notice must state the date, time, and place at which a public hearing will be held on the proposal. The notice shall be given once in accordance with IC 5-3-1-2(b).

Sec. 2. After the public hearing, the political subdivision shall file a certified copy of its final proposal and any other relevant information to the department.

Sec. 3. If the additional appropriation by the political subdivision is made from:

- (1) a fund that receives distributions from the motor vehicle highway account established under IC 8-14-1-1 or the local road and street account established under IC 8-14-2-4;
- (2) a fund that receives revenue from property taxes; or
- (3) the cumulative bridge fund (and the appropriation meets the requirements under IC 8-16-3-3(c));

the political subdivision must report the additional appropriation to the department and comply with sections 4 through 8 of this chapter.

Sec. 4. (a) This section applies only to an appropriation to which section 3 of this chapter applies.

(b) When the department receives a certified copy of a proposal for an additional appropriation, the department shall determine whether sufficient funds are available or will be available for the proposal. The determination shall be made in writing and sent to the political subdivision not more than

fifteen (15) days after the department receives the proposal.

Sec. 5. (a) This section applies only to an appropriation to which section 3 of this chapter applies.

(b) In making the determination under section 4 of this chapter, the department shall limit the amount of the additional appropriation to revenues available, or to be made available, that have not been previously appropriated.

Sec. 6. (a) This section applies only to an appropriation to which section 3 of this chapter applies.

(b) If the department disapproves an additional appropriation under section 4 of this chapter, the department shall specify the reason for its disapproval on the determination sent to the political subdivision.

Sec. 7. (a) This section applies only to an appropriation to which section 3 of this chapter applies.

(b) A political subdivision may request a reconsideration of a determination of the department under section 4 of this chapter by filing a written request for reconsideration. A request for reconsideration must:

- (1) be filed with the department within fifteen (15) days of the receipt of the determination by the political subdivision; and
- (2) state with reasonable specificity the reason for the request.

Sec. 8. (a) This section applies only to an appropriation described in section 3 of this chapter.

(b) The department of local government finance must act on a request for reconsideration within fifteen (15) days after receiving the request.

#### Chapter 17. Permissible Adjustments in Controlled Taxes and Excluded Taxes

Sec. 1. The department may make any adjustment in a budget, tax, tax rate, or income tax allocation allowed under this article or another law. The department shall make the adjustments required under IC 6-12. To the extent possible, the department shall make adjustments before the department certifies a political subdivision's controlled tax limit under IC 6-13-5.

Sec. 2. The department may at any time increase a debt service fund or require an assignment of a political subdivision's allocation of income taxes for the following reasons:

- (1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of a political subdivision.
- (2) To pay the interest or principal on an outstanding obligation of the political subdivision.
- (3) To pay a judgment rendered against the political subdivision.
- (4) To pay lease rentals that have become an obligation of the political subdivision under IC 21-5-11 or IC 21-5-12.

Alternatively, the department may treat a required increase under this section in the same manner as a shortfall under this chapter.

Sec. 3. (a) The primary method of funding a shortfall is to order a distribution from the rainy day fund to cover the shortfall described in this section. The amount used to cover the shortfall would be replaced through the imposition of an excluded income tax under IC 6-11-9 in the years determined

by the department. However, for good cause, the department may adjust taxes, tax rates, budgets, allocations, controlled levy limits, and controlled tax limits, order a temporary distribution from a political subdivision's rainy day fund, or take any other action, as necessary, to eliminate the cumulative effects of a shortfall in property tax revenue or income taxes that resulted from any of the following:

(1) Erroneous assessed valuation figures that were:

- (A) provided to the political subdivision;
- (B) used by the political subdivision in determining its total property tax rate; and
- (C) discovered to be in error after the political subdivision's property tax levy resulting from that total rate was finally approved by the department.

(2) The payment of refunds in an appeal under IC 6-1.1 and IC 6-1.5.

(3) An error described in IC 6-13-5.

(4) The payment of refunds of income tax under IC 6-8.1.

(5) The sum of the:

- (A) property taxes collected for a fund; and
  - (B) income tax allocations transferred to the political subdivision and available for the purposes of a fund;
- are less than ninety-eight percent (98%) of the sum of the property tax levy and income tax allocations certified by the department for the fund.

(6) The granting of an appeal under IC 6-13-13 that authorizes an increase in controlled taxes after the date that department finally determines the income tax rate for a county in which the political subdivision is located.

(b) If the department determines that any of the conditions described in subsection (a) occurred, the department may do any combination of the following:

- (1) Order a transfer of money from the political subdivision's rainy day fund to temporarily replace the amount of the shortfall.
- (2) Order a transfer from the political subdivision's excess revenue fund account.
- (3) Grant any necessary permission for a grant or grants from any funds of the state that are available for the purpose.
- (4) Grant any necessary permission for a loan or loans from any funds of the state that are available for the purpose.
- (5) Grant any necessary permission for the political subdivision to borrow funds from a source other than the state or assistance in obtaining the loan.
- (6) Grant any necessary permission for an advance or advances of funds that will become payable to the political subdivision under any law providing for the payment of state funds to the political subdivision.
- (7) Grant permission to the political subdivision to:
  - (A) cancel any unpaid obligation of the political subdivision's general fund to the political subdivision's cumulative building fund; or
  - (B) use, for general fund purposes, any unobligated balance in the political subdivision's cumulative building fund and the proceeds of any levy made or to be made by the political subdivision for the political subdivision's

cumulative building fund.

(8) Grant permission, subject to any agreement with the bondholders, to use, for general fund purposes, any unobligated balance in any construction fund, including any unobligated proceeds of a sale of the political subdivision's general obligation bonds.

(c) The department may take an action under this section as part of an appeal under IC 6-13-13. A request may be combined with a request under IC 6-13-5 to eliminate the effects of incorrect data, computations, or advertisements.

(d) If the department of local government finance authorizes an increase to make up a shortfall, the department shall take appropriate steps to ensure that the proceeds are first used to repay any loan made to the political subdivision for the purpose of meeting its current expenses.

(e) For purposes of fixing its budget and for purposes of the controlled tax limits, a political subdivision may not treat money received to eliminate a shortfall as part of its controlled taxes for the year unless the department determines that inclusion of the amount is necessary to eliminate the cumulative effects of the shortfall.

#### Chapter 18. Miscellaneous Budget Procedures

Sec. 1. The fiscal officer of a political subdivision may appropriate funds received from an insurance company if the funds are:

- (1) received as a result of damage to property of the political subdivision;
- (2) appropriated for the purpose of repairing or replacing the damaged property; and
- (3) in fact expended to repair or replace the property within the twelve (12) month period after they are received.

Sec. 2. Notwithstanding the other provisions of this article, the proper officer or officers of a political subdivision may:

- (1) reappropriate money recovered from erroneous or excessive disbursements if the error and recovery are made within the current budget year; or
- (2) refund, without appropriation, money erroneously received.

#### Chapter 19. Transfer of Appropriated Amount to Another Purpose

Sec. 1. (a) Except as otherwise provided by law, the proper officers of a political subdivision may transfer money from one (1) major budget classification to another within a department or office if:

- (1) the officers determine that the transfer is necessary;
- (2) the transfer does not require the expenditure of more money than the total amount set out in the budget as finally determined under this article; and
- (3) the transfer is made at a regular public meeting and by ordinance or resolution.

(b) A transfer may be made under this section without notice and without the approval of the department.

Sec. 2. Money raised and budgeted for volunteer firefighting contracts and purposes, if appropriated and spent by that political subdivision, shall be appropriated and spent for those purposes only.

Sec. 3. (a) Money may not be transferred from:

- (1) a family and children's fund;
- (2) a children's psychiatric residential treatment services fund; or
- (3) a township poor relief fund or account;

to any other fund or purpose.

(b) An unused part of a county's controlled tax limit or controlled levy limit attributable to:

- (1) a family and children's fund; or
- (2) a children's psychiatric residential treatment services fund; or
- (3) a township poor relief fund or account;

may not be used for any other fund or purpose.

#### Chapter 20. Administration of State and Federal Funds

Sec. 1. Except as provided in this chapter, a political subdivision may not expend funds that the political subdivision has received from the state unless:

- (1) the funds have been included in a budget estimate by the political subdivision; and
- (2) the funds have been appropriated by the political subdivision's fiscal body in the amounts and for the specific purposes for which they may be used.

Sec. 2. The following funds received by a political subdivision from the state or the federal government may be expended without complying with section 1 of this chapter:

- (1) Township assistance.
- (2) Unemployment relief.
- (3) Old age pensions.
- (4) Other funds that may at any time be made available under The Economic Security Act or under any other federal act that provides for civil and public works projects.

Sec. 3. A political subdivision may use state funds in the event of a casualty, an accident, or an extraordinary emergency by appropriating the state funds in a supplemental budget under IC 6-13-16.

#### Chapter 21. Mandatory Appropriations

Sec. 1. A county fiscal body shall appropriate funds for the operation of the county highway department for the entire ensuing budget year for which annual appropriations are being made. The appropriation shall be for an amount not less than the greater of:

- (1) seventy-five percent (75%) of the total estimated to be in the highway fund in the ensuing budget year; or
- (2) ninety-nine percent (99%) of the total estimated to be in the highway fund in the ensuing budget year if the county commissioners file with the county council a four (4) year plan for the construction and improvement of county highways and a one (1) year plan for the maintenance and repair of the county highways.

Sec. 2. The trustee of each township in the county shall estimate the amount necessary to meet the cost of township assistance in the township for the ensuing year. The township board shall adopt with the township budget a tax rate sufficient to meet the estimated cost of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

Sec. 3. Each council and political subdivision shall fix tax rates and make appropriations for the appropriate fund that

are sufficient to provide money for each purpose described in the following:

- (1) IC 6-12-5-24.
- (2) IC 6-14-3-7.

Sec. 4. Regardless of whether an adjustment is made in any political subdivision's controlled tax limit, each council and political subdivision shall fix tax rates and make appropriations for the appropriate fund that are sufficient for each the following:

- (1) Medical assistance under IC 12-13-8-5.
- (2) Hospital care for the indigent under IC 12-16-14-3.
- (3) Community mental health centers under IC 12-29-2-2.
- (4) Children with special health care needs under IC 16-35-3-3.
- (5) Any other law requiring the imposition of a tax for a particular purpose or fund.

#### Chapter 22. Excess Revenue Account

Sec. 1. As used in this chapter, "account" refers to a political subdivision's account in a fund.

Sec. 2. As used in this chapter, "excess revenue" refers to revenue described in section 4 or 5 of this chapter.

Sec. 3. As used in this chapter, "fund" refers to an excess revenue fund established in a county under this chapter.

Sec. 4. Imposition and collection of the part of a property tax actually collected by a political subdivision for a year that exceeds the amount of property taxes certified for the year is valid and may not be contested on the grounds that the amount exceeds the political subdivision's:

- (1) controlled tax limit;
- (2) certified tax; or
- (3) tax limits imposed by any other law;

for the applicable year.

Sec. 5. Imposition and collection of the part of an income tax actually collected by a county for a year that exceeds the amount of income taxes certified for the year is valid and may not be contested on the grounds that the amount exceeds:

- (1) a political subdivision's:
  - (A) controlled tax limit;
  - (B) certified tax; or
  - (C) tax limits imposed by any other law;
- for the applicable year; or
- (2) the county's:
  - (A) certified tax; or
  - (B) tax limits imposed by any other law.

Sec. 6. An excess revenue fund is established in each county for the deposit of excess revenue collected in a year.

Sec. 7. An account for each political subdivision in the county is established in the fund.

Sec. 8. The county treasurer shall administer the fund. The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund. The interest shall be allocated among the accounts in the fund on the schedule determined by the department in proportion to the balance in the account on the date specified by the department.

Sec. 9. Money in the fund or an account in the fund at the end of a year does not revert to the general fund of any political subdivision but remains in the fund to be used exclusively for the purposes of fund.

Sec. 10. The county treasurer shall deposit the excess revenue collected in the year in the fund.

Sec. 11. The county treasurer shall deposit in a political subdivision's account:

- (1) excess revenue from property taxes imposed by the political subdivision; and
- (2) a proportionate share of the excess revenue collected from income taxes;

if the sum of the excess property taxes and excess income taxes exceeds the total amount of property taxes and income tax allocations certified for the political subdivision for the year. However, the department may establish procedures for retaining a small amount of excess revenue in a general account for the period determined by the department.

Sec. 12. A political subdivision shall:

- (1) include the amount in the political subdivision's account that exceeds one hundred dollars (\$100) in the political subdivision's budget fixed under this article; and
- (2) reduce its property tax levies for the ensuing year by the amount included in the political subdivision's budget under subdivision (1).

Sec. 13. Except as provided by section 15 of this chapter, a political subdivision may not spend money in its account until the expenditure of the money has been included in a budget that has been approved by the department.

Sec. 14. A transfer of money from the political subdivision's revenue excess fund account that reduces the political subdivision's allocation of controlled income taxes or the political subdivision's levy of controlled property taxes shall be treated as a temporary adjustment. The amount of the transfer shall be treated as controlled taxes for the purposes of computing the political subdivision's controlled tax limits and controlled levy limits for the ensuing year.

Sec. 15. For the purposes of determining excise tax distributions to a political subdivision and other distributions that are computed on the property tax levies imposed by the political subdivision, the department shall certify the amount of the distribution from an account that qualifies as property taxes.

Sec. 16. Upon the receipt of a political subdivision's certified budget, the county auditor shall transfer to the political subdivision the amount of money in the political subdivision's account that department has certified for use by the political subdivision.

Sec. 17. A political subdivision may transfer money from its account to any fund to reimburse the fund for amounts withheld from the political subdivision as a result of general property tax refunds paid under IC 6-1.1-26 or general income tax refunds paid under IC 6-8.1.

Sec. 18. Money distributed from an account may be used for any lawful purpose for which controlled taxes may be used.

SECTION 67. IC 6-14 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

**ARTICLE 14. APPROVAL OF BONDED INDEBTEDNESS  
AND LEASE OBLIGATIONS**

**Chapter 1. Definitions**

**Sec. 1.** The definitions in IC 6-1.1, IC 6-11, and IC 36-1-2 apply throughout this article.

**Sec. 2.** The definitions in this chapter apply throughout this article.

**Sec. 3.** "Bonds" refers to bonds or any other evidence of indebtedness (other than exempt obligations) payable from or guaranteed by property taxes or income taxes.

**Sec. 4.** "Controlled debt service" refers to debt service for bonds for a controlled project.

**Sec. 5.** "Controlled lease rentals" refers to payments for a lease of a controlled project.

**Sec. 6.** "Controlled project" refers to a controlled project described in IC 6-14-7-3.

**Sec. 7.** "Debt service" means principal of and interest on bonds. The term includes the repayment of an advance from the common school fund under IC 21-1-5-3.

**Sec. 8. (a)** "Debt service fund" means any of the following funds for which a property tax is imposed:

- (1) A fund established under IC 21-2-4-2 or IC 36-9-15-10.
- (2) A fund primarily established to pay or fund loans or bonds authorized under IC 12-19-5-11, IC 12-19-7-19, or IC 12-19-7.5-18.
- (3) A fund described in subsection (b).
- (4) A fund established to pay or fund bond indebtedness or lease rentals with a term of at least five (5) years.
- (5) Any other fund established by a political subdivision that is similar to a fund described in subdivisions (1) through (4), as determined by the department.

**(b)** The term includes the following funds:

**Department**

<b>Fund</b>	<b>Department</b>
<b>Control</b>	<b>Name for</b>
<b>Number</b>	<b>Fund</b>
0180	Debt Service
0181	Debt Payment
0182	Bond #2
0183	Bond #3
0184	Bond #4
0185	Bond #5
0186	School Pension Debt
0280	Bond-General Sinking
0281	Loan and Interest Payment
0282	Obligation Loan
0283	Lease Rental Payment
0580	Court House Lease Rental
0581	Court House Bond
0780	Bridge Bond and Interest
0781	Thoroughfare Bond
0783	Street Bond
0880	Hospital Lease Rental
0881	Hospital Bond
0882	Medical Center Bond
0883	Township Assistance Bond
0884	County Welfare Bond

0885  
0886  
0889  
0980  
0982  
0986  
1080  
1081  
1180  
1181  
1182  
1183  
1184  
1185  
1186  
1187  
1280  
1281  
1380  
1381  
2180  
2181  
2182  
2380  
2480  
2481  
2482  
2483  
2484  
6280  
6380  
8080  
8180  
8280  
8281  
8282  
8283  
8380  
8382  
8383  
8480  
8481  
8684  
8780  
8880  
Debt  
8881  
8980  
8981  
8982  
8984

Township Assistance Loan  
County Welfare Loan  
Cumulative Hospital  
Levee Bond  
Flood Control Bond  
Storm Sewer Bond  
County Home Bond  
Equipment Bond  
Fire and Police Equipment Debt  
Fire Building Debt  
Fire Equipment Debt  
Fire Equipment Bond  
Police Equipment Debt  
Jail Lease Rental  
Jail Bond  
Emergency Fire Loan  
School Bus Debt  
School Bus Bond  
Park Bond  
Park Bond #2  
Airport Bond  
Airport Sinking  
Cemetery Bond  
Capital Improvement Bond  
Urban Renewal Bond  
Community Development Bond  
Redevelopment Bond  
Redevelopment Bond #2  
Industrial Loan  
Sewer Bond  
Transportation Bond  
Special Transportation Debt  
Special Airport Debt Service  
Special Sanitary Debt Service  
Special Sanitary User Charge Debt  
Special Sanitation (Liquid) Debt  
Solid Waste District Debt Service  
Special Flood Control Debt Service  
Special Flood Control Debt Service #2  
Water District Debt Service  
Special Redevelopment Debt  
Special Redevelopment Dist Bond  
Special Fire Debt  
Special Health/Hospital Debt  
Indianapolis Consolidated City Redevelopment  
  
Indianapolis Consolidated City Debt Service  
Special Consolidated County Flood Control Debt  
Special Consolidated County Park Debt  
Special Consolidated County Metropolitan  
Thoroughfare Debt  
Special Consolidated County Metropolitan  
Emergency Comm Agency Debt

**Sec. 9.** "Exempt obligation" refers to bonds or leases designated as an exempt obligation under IC 6-14-2.

**Sec. 10.** "Funding bonds" means bonds issued to retire the principal and accrued interest of any bonds of a political subdivision that are outstanding.



Sec. 11. "Income taxes" refers to county income taxes imposed under IC 6-11.

Sec. 12. "Leases" refers to leases payable from or guaranteed by property taxes or income taxes.

#### Chapter 2. Exemptions

Sec. 1. IC 6-14-5, IC 6-14-6, and IC 6-14-7 do not apply to debt or leases designated as an exempt obligation under this chapter.

Sec. 2. Notes representing loans under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 that are payable within five (5) years after issuance are exempt obligations.

Sec. 3. Warrants representing temporary loans that are payable out of taxes imposed and in the course of collection are exempt obligations.

Sec. 4. A lease that either:

- (1) has a term of less than five (5) years; or
- (2) is not a controlled lease;

is an exempt obligation.

Sec. 5. Obligations:

- (1) that are not payable from property taxes or income taxes; and
- (2) for which a guarantee of payment from property taxes or income taxes in the event that payment from another source of revenue is insufficient has not been made;

are exempt obligations.

Sec. 6. Bonds in a total amount that does not exceed five thousand dollars (\$5,000) are exempt obligations.

Sec. 7. Funding bonds, refunding bonds, and judgment funding bonds are exempt obligations.

#### Chapter 3. General Provisions

Sec. 1. Whenever the proper officers of a political subdivision decide to issue bonds payable from property taxes or county income taxes to finance a public improvement, they shall adopt an ordinance or a resolution that sets forth their determination to issue the bonds.

Sec. 2. A political subdivision may, subject to the limitations provided by law, issue any bonds, notes, or warrants that it considers necessary.

Sec. 3. A political subdivision may issue or enter into obligations under any law that requires or permits the imposition of:

- (1) property taxes; or
- (2) income taxes;

to pay debt service or lease rentals without pledging to impose property taxes or income taxes, or both, if necessary, to pay the debt service or lease rentals.

Sec. 4. If the proper officers of a political subdivision determine to use revenues other than property taxes or income taxes to pay obligations without pledging to impose property taxes or income taxes for that purpose, provisions of any law relating to property taxes or income taxes do not apply to the issuance of or entering into the obligations.

Sec. 5. A property tax levy for a debt service fund is not:

- (1) subject to the controlled tax limits or controlled levy limits imposed under IC 6-12; or
- (2) included in computing a political subdivision's controlled tax limit or controlled levy limit for a year.

Sec. 6. A property tax levy for a debt service fund shall be treated as an excluded tax. Income taxes used for the purposes of a debt service fund are excluded taxes only to the extent that IC 6-11 designates the income taxes as excluded taxes.

Sec. 7. A political subdivision shall fix property tax rates from the appropriate debt services fund that are sufficient to provide funds for the following purposes:

- (1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.
- (2) To pay the principal or interest on an outstanding obligation for which property taxes of the political subdivision were pledged.
- (3) To pay the principal or interest on:
  - (A) an obligation issued by the political subdivision to meet an emergency that results from a flood, a fire, a pestilence, a war, or any other major disaster; or
  - (B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, IC 36-5-2-11, or IC 36-9-4 to enable a city, town, or county to acquire necessary equipment or facilities.
- (4) To pay the principal or interest on an obligation issued in the manner provided in this article, IC 6-1.1-20-3 (before its repeal), or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2 (before their repeal).
- (5) To pay a judgment rendered against the political subdivision.
- (6) To pay the principal or interest on an obligation to meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1).
- (7) To pay the principal or interest on an obligation to meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1).

Sec. 8. The department and a county income tax council may not reduce a political subdivision's allocation of county income taxes below the amount of the political subdivision's allocation of county income taxes pledged by the political subdivision. A county income tax council and the department are not required to increase a political subdivision's allocation of county income taxes to eliminate the effects on the political subdivision's budget resulting from the pledge of the political subdivision's allocation to the funding or payment of an obligation.

Sec. 9. The collection of money in excess of the amount certified for a debt service fund is valid. The excess is subject to treatment as excess revenue under IC 6-13-22.

Sec. 10. The department shall develop forms and procedures to expedite the review of bonded indebtedness and lease rental obligations under this article. In developing forms and procedures, the department must seek to avoid unnecessary delays that will increase the borrowing costs or construction costs of projects and purposes that a political subdivision would otherwise have the power to carry out.

#### Chapter 4. Construction

Sec. 1. Except as provided in section 2 of this chapter, a political subdivision may not advertise for or receive bids for the construction of an improvement until the expiration of the later of:

- (1) the period within which taxpayers may file a petition for review of or a remonstrance against the proposed issue; or
- (2) the period during which a petition for review of the proposed issue is pending before the department.

Sec. 2. (a) Whenever a petition for review of a proposed issue is pending before the department, the department may order the political subdivision to advertise for and receive bids for the construction of a public improvement.

(b) When the department issues an order under subsection (a):

- (1) the political subdivision shall file a bid report with the department within five (5) days after the bids are received; and
- (2) the department shall render a final decision on the proposed issue within fifteen (15) days after it receives the bid report.

(c) Notwithstanding the provisions of this section, a political subdivision may not enter into a contract for the construction of a public improvement while a petition for review of the bond issue that is to finance the improvement is pending before the department.

Sec. 3. The department in determining whether to approve or disapprove a school building construction project shall consider the following factors:

- (1) The current and proposed square footage of school building space per student.
- (2) Enrollment patterns within the school corporation.
- (3) The age and condition of the current school facilities.
- (4) The cost per square foot of the school building construction project.
- (5) The effect that completion of the school building construction project would have on the school corporation's tax rate.
- (6) Any other pertinent matter.

Sec. 4. The department in determining whether to approve or disapprove a school building construction project may not approve or recommend the approval of a project that is financed through the issuance of bonds if the bonds mature more than twenty-five (25) years after the date of the bonds' issuance.

Sec. 5. After December 31, 1995, the department may not approve a school corporation's proposed lease rental agreement or bond issue to finance the construction of additional classrooms unless the school corporation first:

- (1) establishes that additional classroom space is necessary; and
- (2) conducts a feasibility study, holds public hearings, and hears public testimony on using a twelve (12) month school term (instead of the nine (9) month school term (as described in IC 20-10.1-2-2)) rather than expanding classroom space.

## Chapter 5. Review of Bonds

Sec. 1. This chapter applies when:

- (1) the proper officers of a political subdivision decide to issue bonds in a total amount that exceeds five thousand dollars (\$5,000); and
- (2) IC 6-14-7 does not apply to the bonds.

The decision to issue bonds may be a preliminary decision.

Sec. 2. A political subdivision may not impose property taxes or income taxes to pay debt service for the bonds to which this chapter applies without:

- (1) complying with this chapter; and
- (2) approval of the proposed issue (or the proposed issue as reduced by the department) by the department.

Sec. 3. The proper officers of a political subdivision shall give notice of the decision by:

- (1) posting; and
- (2) publication once each week for two (2) weeks.

The notice required by this section shall be posted in three (3) public places in the political subdivision and published in accordance with IC 5-3-1-4.

Sec. 4. (a) Ten (10) or more taxpayers who:

- (1) will be affected by the proposed issuance of the bonds; and
- (2) wish to object to the issuance on the grounds that it is unnecessary or excessive;

may file a petition in the office of the county auditor of the county in which the political subdivision is located.

(b) The petition must be filed within fifteen (15) days after the notice required by section 3 of this chapter is given. The petition must contain the objections of the taxpayers and facts that show that the proposed issue is unnecessary or excessive.

Sec. 5. Whenever taxpayers file a petition in the manner prescribed in section 4 of this chapter, the county auditor shall immediately forward a certified copy of the petition and any other relevant information to the department. A review under sections 6 through 9 of this chapter may be combined with a review under IC 6-14-8 or IC 6-14-9.

Sec. 6. Upon receipt of a certified petition filed in the manner prescribed in section 4 of this chapter, the department shall fix a date, time, and place for a hearing on the matter. The department shall hold the hearing not less than five (5) or more than thirty (30) days after the department receives the petition. The department shall hold the hearing in the political subdivision or in the county where the political subdivision is located.

Sec. 7. At least five (5) days before the date fixed for the hearing, the department shall give notice of the hearing, by mail, to the executive officer of the political subdivision and to the first ten (10) taxpayers who signed the petition. The mailings shall be addressed to the officer and the taxpayers at their usual place of residence.

Sec. 8. After the hearing required by this chapter, the department may approve, disapprove, or reduce the amount of the proposed issue. The department must render a decision not later than three (3) months after the hearing. If a decision is not rendered within that time, the issue is considered approved unless the department takes the extension provided for in this section. A three (3) month extension of the period during which the decision must be rendered may be taken by the department if the department mails notice of the extension to the executive officer of the political subdivision and to the first ten (10) taxpayers who signed the petition at least ten (10) days before the end of the original three (3) month period. If a decision is not rendered within the extension period, the issue is considered approved.

**Sec. 9. A:**

- (1) taxpayer who signed a petition under this chapter; or
- (2) political subdivision against which a petition referred to in this chapter is filed;

may petition for judicial review of the final determination of the department under this chapter. The petition must be filed in the tax court not more than forty-five (45) days after the department renders its decision under this chapter.

**Chapter 6. Review of Interest Rate**

**Sec. 1.** This chapter applies when the proper officers of a political subdivision decide to issue any bonds, notes, or warrants that will:

- (1) be payable from property taxes or income taxes; and
- (2) bear interest in excess of eight percent (8%) per annum.

**Sec. 2.** A political subdivision may not impose property taxes or income taxes to pay debt service for bonds, notes, or warrants to which this chapter applies without:

- (1) complying with this chapter; and
- (2) approval of the interest rate by the department.

**Sec. 3.** The political subdivision shall submit the matter to the department for review. A review under this section may be combined with a review under IC 6-14-8 or IC 6-14-9.

**Sec. 4.** The department may either approve or disapprove the rate of interest.

**Chapter 7. Remonstrance and Petition Process for Controlled Debt Service and Controlled Lease Rentals**

**Sec. 1.** This chapter applies only to controlled debt service and controlled lease rentals.

**Sec. 2.** For purposes of this chapter, a project is any project or purpose for which a political subdivision may issue bonds or enter into leases, including a sale-lease back of an existing building.

**Sec. 3.** For purposes of this chapter, a controlled project is any project financed by bonds or a lease, except for the following:

- (1) A project for which the political subdivision reasonably expects to pay:
  - (A) debt service; or
  - (B) lease rentals;

from funds other than property taxes or income taxes. However, a project that would otherwise be exempt under this subdivision becomes a controlled project if the political subdivision pledges property taxes or income taxes to pay debt service or lease rentals if other funds are insufficient.

- (2) A project that will not cost the political subdivision more than two million dollars (\$2,000,000).

- (3) A project that is being refinanced to provide gross or net present value savings to taxpayers.

- (4) A project for which bonds were issued or leases were entered into before January 1, 1996, or where the state board of tax commissioners (repealed) has approved the issuance of bonds or the execution of leases before January 1, 1996.

- (5) A project that is required by a court order holding that a federal law mandates the project.

- (6) A project for which the political subdivision complied with IC 6-1.1-20 (before its repeal).

**Sec. 4.** A political subdivision may not impose property taxes or income taxes to pay debt service or lease rentals without:

- (1) completing the procedures in section 5 of this chapter; and
- (2) if a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 6 of this chapter, completing the procedures in section 6 of this chapter.

**Sec. 5.** A political subdivision must do the following:

- (1) The proper officers of a political subdivision shall:

- (A) publish notice in accordance with IC 5-3-1; and
- (B) send notice by first class mail to any organization that delivers to the officers, before January 1 of that year, an annual written request for such notices;

of any meeting to consider adoption of a resolution or an ordinance making a preliminary determination to issue bonds or enter into a lease and shall conduct a public hearing on a preliminary determination before adoption of the resolution or ordinance.

- (2) Whenever the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease, the officers shall give notice of the preliminary determination by:

- (A) publication in accordance with IC 5-3-1; and
- (B) first class mail to the organizations described in subdivision (1)(B).

- (3) A notice under subdivision (2) of the preliminary determination of the political subdivision to issue bonds or enter into a lease must include the following information:

- (A) The maximum term of the bonds or lease.
- (B) The maximum principal amount of the bonds or the maximum lease rental for the lease.
- (C) The estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.
- (D) The purpose of the bonds or lease.
- (E) A statement that any owners of real property within the political subdivision who want to initiate a petition and remonstrance process against the proposed debt service or lease payments must file a petition that complies with subdivisions (4) and (5) not later than thirty (30) days after publication in accordance with IC 5-3-1.

- (F) With respect to bonds issued or a lease entered into to open:

- (i) a new school facility; or
- (ii) an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space;

the estimated costs the school corporation expects to incur annually to operate the facility.

- (G) A statement of whether the school corporation expects to appeal for an adjustment under IC 6-12-5 for an increased controlled tax limit or controlled levy limit to pay the estimated costs described in clause (F).

- (4) After notice is given, a petition requesting the application of a petition and remonstrance process may be filed by the lesser of:

- (A) one hundred (100) owners of real property within the political subdivision; or
- (B) five percent (5%) of the owners of real property within the political subdivision.

(5) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition forms to be used solely in the petition process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number of petition forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:

- (A) the carrier and signers must be owners of real property;
- (B) the carrier must be a signatory on at least one (1) petition;
- (C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature; and
- (D) govern the closing date for the petition period.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners.

- (6) Each petition must be verified under oath by at least one (1) qualified petitioner in a manner prescribed by the state board of accounts before the petition is filed with the county auditor under subdivision (7).
- (7) Each petition must be filed with the county auditor not more than thirty (30) days after publication under subdivision (2) of the notice of the preliminary determination.
- (8) The county auditor must file a certificate and each petition with:

- (A) the township trustee, if the political subdivision is a township, who shall present each petition to the township board; or
- (B) the body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the political subdivision is not a township;

not later than fifteen (15) business days after the filing of the petition requesting a petition and remonstrance process. The certificate must state the number of petitioners that are owners of real property within the political subdivision.

If a sufficient petition requesting a petition and remonstrance process is not filed by owners of real property as set forth in this section, the political subdivision may issue bonds or enter into a lease by following the provisions of law relating to the bonds to be issued or the lease to be entered into.

Sec. 6. If a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 5 of this chapter, the political subdivision shall do the following:

- (1) The proper officers of the political subdivision shall give notice of the applicability of the petition and remonstrance process by:

- (A) publication in accordance with IC 5-3-1; and
- (B) first class mail to the organizations described in section 5(1)(B) of this chapter.

Notice under this subdivision must include a statement that any owners of real property or tenants of residential property within the political subdivision who want to petition in favor of or remonstrate against the proposed debt service or lease payments must file petitions and remonstrances in compliance with subdivisions (2) through (4) not earlier than thirty (30) days or later than sixty (60) days after publication in accordance with IC 5-3-1.

(2) Not earlier than thirty (30) days or later than sixty (60) days after the notice under subdivision (1) is given:

- (A) petitions (as described in subdivision (3)) in favor of the bonds or lease; and
- (B) remonstrances (as described in subdivision (3)) against the bonds or lease;

may be filed by an owner or owners of real property or a tenant or tenants of residential property within the political subdivision. A petition or remonstrance signed by a tenant of residential property must be accompanied by an affidavit setting forth the name of the landlord and the property address of the tenant's leasehold. Each signature on a petition must be dated, and the date of signature may not be before the date on which the petition and remonstrance forms may be issued under subdivision (3). A petition described in clause (A) or a remonstrance described in clause (B) must be verified in compliance with subdivision (4) before the petition or remonstrance is filed with the county auditor under subdivision (4).

(3) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition, remonstrance, and affidavit forms to be used solely in the petition and remonstrance process described in this section. The county auditor shall issue to an owner or owners of real property or a tenant or tenants of residential property within the political subdivision the number of petition, remonstrance, or affidavit forms requested by the owner or owners or tenant or tenants. Each form must be accompanied by instructions detailing the requirements that:

- (A) the carrier and signers must be owners of real property or tenants of residential property;
- (B) the carrier must be a signatory on at least one (1) petition;
- (C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature;
- (D) govern the closing date for the petition and remonstrance period; and
- (E) apply to the carrier under section 7 of this chapter.

Persons requesting petition, remonstrance, or affidavit forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners or tenants of residential property. The county auditor may not issue a petition, remonstrance, or affidavit form earlier than twenty-nine (29) days after

the notice is given under subdivision (1). The county auditor shall certify the date of issuance on each petition, remonstrance, or affidavit form that is distributed under this subdivision.

(4) The petitions, remonstrances, and affidavits must be verified in the manner prescribed by the state board of accounts and filed with the county auditor within the thirty (30) to sixty (60) day period described in subdivision (2) in the manner set forth in section 5 of this chapter relating to requests for a petition and remonstrance process.

(5) The county auditor must file a certificate and the petition or remonstrance with the body of the political subdivision charged with issuing bonds or entering into leases not later than fifteen (15) business days after the filing of a petition or remonstrance under subdivision (4), whichever applies, containing ten thousand (10,000) signatures or less. The county auditor may take an additional five (5) days to review and certify the petition or remonstrance for each additional five thousand (5,000) signatures, up to a maximum of sixty (60) days. The certificate must state the number of petitioners and remonstrators that are owners of real property and the number of petitioners and remonstrators who are tenants of residential property within the political subdivision.

(6) If a greater number of owners of real property plus tenants of residential property within the political subdivision sign a remonstrance than the number that signed a petition, the bonds petitioned for may not be issued or the lease petitioned for may not be entered into. The proper officers of the political subdivision may not make a preliminary determination to issue bonds or enter into a lease for the controlled project defeated by the petition and remonstrance process under this section or any other controlled project that is not substantially different within one (1) year after the date of the county auditor's certificate filed under subdivision (5). Withdrawal of a petition carries the same consequences as a defeat of the petition.

(7) After a political subdivision has gone through the petition and remonstrance process set forth in this section, the political subdivision is not required to follow any other remonstrance or objection procedures under any other law (including section 5 of this chapter) relating to bonds or leases designed to protect owners of real property and tenants of residential property within the political subdivision from the imposition of property taxes to pay debt service or lease rentals. However, the political subdivision must still receive the approval of the department required under IC 6-14-8.

Sec. 7. (a) If a petition and remonstrance process is commenced under section 6 of this chapter, during the sixty (60) day period commencing with the notice under section 6(1) of this chapter, the political subdivision seeking to issue bonds or enter into a lease for the proposed controlled project may not promote a position on the petition or remonstrance by doing any of the following:

(1) Allowing facilities or equipment, including mail and messaging systems, owned by the political subdivision to be

used for public relations purposes to promote a position on the petition or remonstrance unless equal access to the facilities or equipment is given to persons with a position opposite to that of the political subdivision.

(2) Making an expenditure of money from a fund controlled by the political subdivision to promote a position on the petition or remonstrance (except as necessary to explain the project to the public) or to pay for the gathering of signatures on a petition or remonstrance. This subdivision does not prohibit a political subdivision from making an expenditure of money to an attorney, an architect, a construction manager, or a financial adviser for professional services provided with respect to a controlled project.

(3) Using an employee to promote a position on the petition or remonstrance during the employee's normal working hours or paid overtime.

(4) In the case of a school corporation, promoting a position on a petition or remonstrance by:

(A) using students to transport written materials to their residences; or

(B) including a statement within another communication sent to the students' residences.

However, this section does not prohibit an employee of the political subdivision from carrying out duties with respect to a petition or remonstrance that are part of the normal and regular conduct of the employee's office or agency.

(b) A person may not solicit or collect signatures for a petition or remonstrance on property owned or controlled by the political subdivision.

#### Chapter 8. Review by Department

Sec. 1. Subject to section 2 of this chapter, this chapter applies to the following:

(1) Bonded indebtedness.

(2) Lease rentals under a lease with an original term of at least five (5) years.

Sec. 2. This chapter does not apply to the following:

(1) Temporary loans made in anticipation of and to be paid from current revenues of the political subdivision actually imposed and in the course of collection for the budget year in which the loans are made.

(2) Bonded indebtedness that will be repaid through property taxes or income taxes imposed under IC 12-19.

(3) Bonded indebtedness or lease rentals that were approved under IC 6-1.1-18.5-8 (before its repeal) or IC 6-1.1-19-8 (before its repeal).

(4) Property taxes or income taxes that a school corporation imposes to pay or fund bond or lease rental indebtedness created or incurred before July 1, 1974.

Sec. 3. A political subdivision may not impose property taxes or income taxes to pay debt service for bonded indebtedness or leases to which this chapter applies without:

(1) complying with this chapter; and

(2) approval of the bonded indebtedness or leases by the department.

Sec. 4. (a) A political subdivision must file a petition requesting approval from the department to incur bonded indebtedness or execute a lease with an original term of at least

five (5) years.

(b) If IC 6-14-7 applies to the bonded indebtedness or lease and the bonded indebtedness is to be paid or funded with property taxes, the petition must be filed not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under IC 6-1.1-20-3.1(2) (repealed) or IC 6-14-7-5(2), as applicable, unless the political subdivision demonstrates that a longer period is reasonable in light of the political subdivision's facts and circumstances.

Sec. 5. A political subdivision must obtain approval from the department before the political subdivision may:

- (1) incur bonded indebtedness; or
- (2) enter into a lease.

Sec. 6. The department may seek recommendations from the local government tax control board or the department of state revenue, or both, when determining whether to authorize incurring bonded indebtedness or the execution of a lease.

Sec. 7. The department shall render a decision within three (3) months after the date it receives a request for approval under section 4 of this chapter. However, the department may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department sends notice of the extension to the executive officer of the political subdivision.

Sec. 8. The local government tax control board, the department of state revenue, and other state agencies shall provide information to the department that the department considers necessary to determine the estimated impact of the issuance of bonds or execution of a lease on a political subdivision's property tax rate or the rate of an income tax in a county where the political subdivision is located.

Sec. 9. Subject to section 10 of this chapter, the department may:

- (1) approve or disapprove the proposed bond issue or lease agreement; or
- (2) approve an alternative financing arrangement by:
  - (A) reducing the amount of the proposed bond issue or lease agreement;
  - (B) modifying other terms of the proposed bond issue or lease agreement;
  - (C) approving the use of other funding mechanisms that are available to the political subdivision to cover all or part of the costs that would be covered by the proposed bond issue or lease agreement;
  - (D) modifying the scope of the proposed project, in the case of bonds to be issued or a lease to be entered into for the acquisition, construction, renovation, improvement, or expansion of a building, a structure, or another public improvement; or
  - (E) any combination of the methods described in clauses (A) through (D).

Sec. 10. In determining whether to approve or disapprove a proposed bond issue or lease agreement or to approve an alternative financing arrangement, the department shall consider the following factors:

- (1) Whether the proposed bond issue or lease agreement is unnecessary or excessive.

(2) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, a structure, or another public improvement, whether the civil taxing unit has demonstrated that an adequate source of funding will be available to cover annual costs of operating, maintaining, and repairing the building, structure, or public improvement.

(3) Whether an excessive impact on the political subdivision's tax rate or on the rate of an income tax imposed in a county where the political subdivision is located will result from:

- (A) the issuance of the bonds or execution of the lease agreement; and
- (B) with respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, a structure, or another public improvement, the annual costs of operating, maintaining, and repairing the building, structure, or public improvement.

(4) Whether any costs of acquiring, constructing, renovating, improving, or expanding a building, a structure, or another public improvement that are to be financed through the issuance of bonds or execution of a lease are comparable to the costs incurred for those purposes by other similarly situated political subdivisions for similar projects.

(5) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, a structure, or another public improvement, whether the building, structure, or public improvement will be made available to residents of the political subdivision for uses other than those planned by the political subdivision.

(6) Any other pertinent matter, including matters described in IC 6-14-4.

Sec. 11. (a) A political subdivision may petition for judicial review of the final determination of the department under this chapter.

(b) The petition for judicial review must be filed in the tax court not more than forty-five (45) days after the department enters its order under this chapter.

Sec. 12. A taxpayer may petition for judicial review of the final determination of the department under this chapter. The petition must be filed in the tax court not more than thirty (30) days after the department enters its order under this chapter.

#### Chapter 9. School Bus Loan Review

Sec. 1. This chapter does not apply to school bus purchase loans made by a school corporation that will be repaid solely from the general fund of the school corporation.

Sec. 2. A school corporation must obtain approval from the department before the school corporation may repay a school bus purchase loan.

Sec. 3. Before it approves or disapproves a proposed school bus purchase loan, the department may seek the recommendation of the local government tax control board or the department of state revenue.

Sec. 4. Subject to section 5 of this chapter, the department may either:

- (1) approve, disapprove, or modify then approve a school corporation's proposed school bus purchase loan; or
- (2) approve an alternative financing arrangement by:
  - (A) reducing the amount of the proposed school bus purchase loan;
  - (B) modifying other terms of the proposed school bus purchase loan;
  - (C) approving the use of other funding mechanisms that are available to the school corporation to cover all or part of the costs that would be covered by the proposed school bus purchase loan;
  - (D) modifying the scope of the proposed purchase of school buses; or
  - (E) any combination of the methods described in clauses (A) through (D).

Sec. 5. In determining whether to approve or disapprove a proposed school bus purchase loan, or to approve an alternative financing arrangement, the department shall consider the following factors:

- (1) Whether the proposed school bus purchase loan is unnecessary or excessive.
- (2) Whether an excessive impact on the tax rates, fees, or other charges imposed by the school corporation will result from the annual costs of operating, maintaining, and repairing the vehicles to be purchased with the loan.
- (3) Any other pertinent matter.

Sec. 6. The department shall render a decision not more than three (3) months after the date it receives a request for approval under this chapter. However, the department may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department sends notice of the extension to the executive officer of the school corporation.

Sec. 7. A school corporation may petition for judicial review of the final determination of the department under this chapter. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its order under this chapter.

Sec. 8. A taxpayer may petition for judicial review of the final determination of the department under this chapter. The petition must be filed in the tax court not more than thirty (30) days after the department enters its order under this section.

#### Chapter 10. Jay County School Corporation

Sec. 1. The levy and property tax rate for an excessive levy granted under IC 6-1.1-19-10.5 (repealed) before January 1, 2006, is transferred to the Jay County School Corporation debt service fund for property taxes first due and payable after December 31, 2005.

Sec. 2. The relief under section 1 of this chapter is granted as an advance of state funds related to an intercept action to be paid back to the treasurer of state in two hundred forty (240) payments of:

- (1) thirteen thousand eight hundred eighty-two dollars (\$13,882) beginning on January 15, 2001, and ending May 15, 2003; and
- (2) equal installment amounts beginning June 15, 2003, and

ending with final payment on December 31, 2020.

SECTION 68. IC 6-15 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

#### ARTICLE 15. CUMULATIVE FUNDS, SINKING FUNDS, AND OTHER FIXED RATE LEVIES

##### Chapter 1. Definitions

Sec. 1. The definitions in IC 6-1.1, IC 6-11, and IC 36-1-2 apply throughout this article.

Sec. 2. The definitions in this chapter apply throughout this article.

Sec. 3. "Fixed rate levy" refers to a property tax imposed for a fund or purpose described in a law listed or described in IC 6-15-3-1 or IC 6-15-4-1.

##### Chapter 2. General Provisions

Sec. 1. A fixed rate levy is not:

- (1) subject to the controlled tax limits or controlled levy limits imposed under IC 6-12; or
- (2) included in the computation of a political subdivision's controlled tax limit or controlled levy limit for a year.

Sec. 2. A fixed rate levy shall be treated as an excluded tax.

Sec. 3. The collection of money in excess of the amount certified for a fixed rate levy is valid. The excess shall be treated as excess revenue and deposited in the political subdivision's excess revenue fund account under IC 6-11-22.

##### Chapter 3. Cumulative Fund Tax Levy Procedures

Sec. 1. This chapter applies to the establishment and imposition of a tax levy for cumulative funds under the following:

- (1) IC 3-11-6.
- (2) IC 8-10-5.
- (3) IC 8-16-3.
- (4) IC 8-16-3.1.
- (5) IC 8-22-3.
- (6) IC 14-27-6.
- (7) IC 14-33-21.
- (8) IC 16-22-4.
- (9) IC 16-22-5.
- (10) IC 16-22-8.
- (11) IC 36-8-14.
- (12) IC 36-9-4.
- (13) IC 36-9-14.
- (14) IC 36-9-14.5.
- (15) IC 36-9-15.
- (16) IC 36-9-15.5.
- (17) IC 36-9-16.
- (18) IC 36-9-17.
- (19) IC 36-9-17.5.
- (20) IC 36-9-26.
- (21) IC 36-9-27.
- (22) IC 36-10-3.
- (23) IC 36-10-4.
- (24) IC 36-10-7.5.
- (25) Any other statute that specifies that a property tax levy may be imposed under this chapter.

Sec. 2. (a) In addition to complying with the budget, tax rate, and tax levy requirements applicable to other tax levies, a political subdivision may:

(1) establish a cumulative fund and impose a property tax for the cumulative fund; or

(2) increase the tax rate for a cumulative fund;

only after the proposal is adopted and approved in compliance with this chapter.

(b) If an action described in this section is not adopted or approved in conformity with this chapter, the political subdivision may not levy a tax for the fund in the ensuing year.

Sec. 3. (a) A political subdivision that proposes to establish a fund under this chapter must:

(1) give notice of the proposal to the affected taxpayers; and

(2) hold a public hearing on the proposal;

before presenting the proposal to the department for approval.

(b) Notice of the proposal and of the public hearing shall be given by publication in accordance with IC 5-3-1.

(c) For a cumulative fund authorized under IC 3-11-6 or IC 8-10-5-17, the political subdivision imposing a property tax levy shall post a notice of the proposal and the public hearing in three (3) public places in the political subdivision.

(d) A notice required by this section must describe the tax levy that will be imposed for the fund.

Sec. 4. A political subdivision that in any year adopts a proposal under this chapter must submit the proposal to the department before August 2 of that year. If a proposal under this chapter is not submitted to the department before August 2 of a year, the political subdivision may not levy a tax for the cumulative fund or sinking fund in the ensuing year.

Sec. 5. The department shall require that a notice of submission under section 4 of this chapter be given to the taxpayers of the county. The notice shall be published in one (1) publication and posted in the same manner as required by section 3 of this chapter.

Sec. 6. Not later than noon of the day that is thirty (30) days after the publication of the notice required by section 3 of this chapter:

(1) at least ten (10) taxpayers in the taxing district, if the fund is authorized under IC 8-10-5-17, IC 8-16-3-1, IC 8-16-3.1-4, IC 14-27-6-48, IC 14-33-21-2, IC 36-8-14-2, IC 36-9-4-48, or IC 36-10-4-36;

(2) at least twenty (20) taxpayers in a county served by a hospital, if the fund is authorized under IC 16-22-4-1;

(3) at least thirty (30) taxpayers in a tax district, if the fund is authorized under IC 36-10-3-21 or IC 36-10-7.5-19;

(4) at least fifty (50) taxpayers in a municipality, if subdivisions (1), (2), (3), and (5) do not apply; or

(5) at least one hundred (100) taxpayers in the county, if the fund is authorized by IC 3-11-6;

may file a petition with the county auditor stating their objections to an action described in section 2 of this chapter. Upon the filing of the petition, the county auditor shall immediately certify the petition to the department.

Sec. 7. (a) The department shall within a reasonable time set a date for a hearing on a petition filed under section 6 of this chapter.

(b) For a cumulative fund authorized under IC 3-11-6 or IC 36-9-4-48, the hearing must be held in the county affected by the proposed action.

Sec. 8. The department shall give notice of the hearing required by section 7 of this chapter to:

(1) the county auditor; and

(2) the first ten (10) taxpayers whose names appear on the petition filed under section 6 of this chapter.

The notice must be given by letter signed by the commissioner or deputy commissioner of the department and sent by mail with prepaid postage to the auditor and the taxpayers at their usual places of residence at least five (5) days before the date set for the hearing.

Sec. 9. (a) After a hearing on a proposal (if a hearing is required) or after the proposal is submitted to the department under section 4 of this chapter (if no hearing is required), the department shall certify approval, disapproval, or modification of the proposal to the county auditor.

(b) A:

(1) taxpayer who signed a petition filed under section 6 of this chapter; or

(2) political subdivision submitting a proposal for approval; may petition for judicial review of the final determination of the department under subsection (a). The petition must be filed in the tax court not more than forty-five (45) days after the department certifies its action under subsection (a).

Sec. 10. To provide for a fund, a political subdivision may levy a tax on all taxable property within the jurisdiction authorized to establish the fund. The tax may not exceed the tax rate specified in the statute authorizing the fund.

Sec. 11. If a political subdivision considers it advisable after the levy has been approved, the governing body imposing the levy for the political subdivision may reduce or rescind the annual levy.

Sec. 12. At least:

(1) ten (10) taxpayers in the tax district, if the fund is authorized under IC 8-10-5-17, IC 8-16-3-1, IC 8-16-3.1-4, IC 14-27-6-48, IC 14-33-21-2, IC 36-8-14-2, IC 36-9-4-48, or IC 36-10-4-36; or

(2) fifty (50) taxpayers in the area where a property tax for a fund is imposed, if subdivision (1) does not apply;

may file with the county auditor, by noon on August 1 of a year, a petition for reduction or revision of the levy approved under this chapter. The petition must state the taxpayers' objections to the levy. The county auditor shall certify the petition to the department, and the same procedure for notice and hearing must be followed that was required for the original levy. After a hearing on the petition, the department may confirm, reduce, or rescind the levy. The department's action is final and conclusive.

Sec. 13. After a political subdivision complies with this chapter, a property tax may be levied annually at the tax rate approved under this chapter without further action under this chapter. The tax levy must be advertised annually as other tax levies are advertised.

Sec. 14. The tax collected for a fund must be held in the fund for which the tax was levied. The fund may not be expended for any purpose other than the purposes specified by the statute authorizing the fund. Except to the extent that IC 8-16-3-3(c), IC 14-27-6-48(c), IC 36-9-14.5-8(c), IC 36-9-15.5-8(c), or another statute specifically provides a different procedure,



expenditures may be made from the fund only after an appropriation has been made in the manner provided by law for making other appropriations.

Sec. 15. If the political subdivision establishing a fund:

- (1) determines that the purposes for which the fund was established have been accomplished or no longer exist; or
- (2) rescinds the tax levy for the fund;

the governing body establishing the fund for the political subdivision may transfer the balance in the fund to the general fund of the political subdivision. The money in a fund does not otherwise revert to the general fund of a political subdivision at the end of the political subdivision's fiscal year.

#### Chapter 4. General Reassessment Adjustment of Fixed Rate Levies

Sec. 1. This chapter applies to the property tax levies under:

- (1) IC 8-10-5-17;
- (2) IC 8-22-3-11;
- (3) IC 8-22-3-25;
- (4) IC 12-29-1-1;
- (5) IC 12-29-1-2;
- (6) IC 12-29-1-3;
- (7) IC 12-29-3-6;
- (8) IC 13-21-3-12;
- (9) IC 13-21-3-15;
- (10) IC 14-27-6-30;
- (11) IC 14-33-7-3;
- (12) IC 14-33-21-5;
- (13) IC 15-1-6-2;
- (14) IC 15-1-8-1;
- (15) IC 15-1-8-2;
- (16) IC 16-20-2-18;
- (17) IC 16-20-4-27;
- (18) IC 16-20-7-2;
- (19) IC 16-23-1-29;
- (20) IC 16-23-3-6;
- (21) IC 16-23-4-2;
- (22) IC 16-23-5-6;
- (23) IC 16-23-7-2;
- (24) IC 16-23-8-2;
- (25) IC 16-23-9-2;
- (26) IC 16-41-15-5;
- (27) IC 16-41-33-4;
- (28) IC 20-5-17.5-2 (before its repeal), IC 36-10-13-4, or IC 36-10-13-5;
- (29) IC 20-5-17.5-3 (before its repeal) or IC 36-10-13-7;
- (30) IC 20-5-37-4 (before its repeal) or IC 20-26-8-4;
- (31) IC 20-14-7-5.1 (before its repeal) or IC 36-12-7-7;
- (32) IC 20-14-7-6 (before its repeal) or IC 36-12-7-8;
- (33) IC 20-14-13-12 (before its repeal) or IC 36-12-12-10;
- (34) IC 21-1-11-3;
- (35) IC 21-2-17-2;
- (36) IC 23-13-17-1;
- (37) IC 23-14-66-2;
- (38) IC 23-14-67-3;
- (39) IC 36-7-13-4;
- (40) IC 36-7-14-28;
- (41) IC 36-7-15.1-16;
- (42) IC 36-8-19-8.5;

- (43) IC 36-9-6.1-2;
- (44) IC 36-9-17.5-4;
- (45) IC 36-9-27-73;
- (46) IC 36-9-29-31;
- (47) IC 36-9-29.1-15;
- (48) IC 36-10-6-2;
- (49) IC 36-10-7-7;
- (50) IC 36-10-7-8;
- (51) IC 36-10-7.5-19; and
- (52) any statute enacted after December 31, 2003, that:
  - (A) establishes a maximum rate for any part of the:
    - (i) property taxes; or
    - (ii) special benefits taxes; imposed by a political subdivision; and
  - (B) does not exempt the maximum rate from the adjustment under this section.

Sec. 2. For purposes of this chapter, "maximum rate" refers to the maximum:

- (1) property tax rate or rates; or
- (2) special benefits tax rate or rates;

referred to in the laws listed in section 1 of this chapter.

Sec. 3. The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under section 5 of this chapter for taxes first due and payable in 2003 if section 5 of this chapter had applied for taxes first due and payable in 2003.

Sec. 4. The maximum rate must be adjusted:

- (1) each time an annual adjustment of the assessed value of real property takes effect under IC 6-1.1-4-4.5; and
- (2) each time a general reassessment of real property takes effect under IC 6-1.1-4-4.

Sec. 5. The new maximum rate under a statute listed in section 1 of this chapter is the tax rate determined under STEP SEVEN of the following STEPS:

STEP ONE: Determine the maximum rate for the political subdivision levying a property tax or special benefits tax under the statute for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment takes effect.

STEP THREE: Determine the three (3) years that immediately precede the ensuing year and in which a statewide general reassessment of real property does not first take effect.

STEP FOUR: Compute separately, for each of the years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

**STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.**

**Sec. 6. The department shall compute the maximum rate allowed under section 5 of this chapter and provide the rate to each political subdivision with authority to levy a tax under a statute listed in section 1 of this chapter.**

SECTION 69. IC 6-8.1-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutual taxes (IC 4-31-9-3 through IC 4-31-9-5); the river boat admissions tax (IC 4-33-12); the river boat wagering tax (IC 4-33-13); the gross income tax (IC 6-2.1) (repealed); the utility receipts ~~tax and utility services use taxes~~ (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1) **(repealed)**; the county option income tax (IC 6-3.5-6) **(repealed)**; the county economic development income tax (IC 6-3.5-7) **(repealed)**; the municipal option income tax (IC 6-3.5-8) **(repealed)**; the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); **the county income tax (IC 6-11)**; the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various county food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 70. IC 7.1-4-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. An excise tax, referred to as the beer excise tax, at the rate of ~~eleven and one-half twenty-three cents (\$1.15)~~ **(\$0.23)** a gallon is imposed upon the sale of beer or flavored malt beverage within Indiana.

SECTION 71. IC 7.1-4-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. ~~Rate of Tax:~~ An excise tax at the rate of ~~two three dollars and sixty-eight thirty-five cents (\$2.68)~~ **(\$3.35)** a gallon is imposed upon the sale, gift, or the withdrawal for sale or gift, of liquor and wine that contains twenty-one percent (21%), or more, of absolute alcohol reckoned by volume.

SECTION 72. IC 7.1-4-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. An excise tax at the rate of ~~forty-seven fifty-eight and seventy-five hundredths cents (\$0.47)~~ **(\$0.5875)** a gallon is imposed upon the manufacture

and sale or gift, or withdrawal for sale or gift, of wine, except hard cider, within this state.

SECTION 73. IC 7.1-4-4.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. An excise tax at the rate of ~~eleven and one-half twenty-three cents (\$0.115)~~ **(\$0.23)** a gallon is imposed upon the manufacture and sale or gift, or withdrawal for sale or gift, of hard cider within Indiana.

SECTION 74. IC 7.1-4-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. ~~Rate of Tax:~~ An excise tax at the rate of ~~five ten cents (5¢)~~ **(\$0.10)** a gallon, or fraction of a gallon, is imposed upon the sale, gift, exchange, or barter of liquid malt or wort.

SECTION 75. IC 7.1-4-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. The department shall deposit:

- (1) ~~four cents (\$0.04)~~ **fifteen and five-tenths cents (\$0.155)** of the beer excise tax rate collected on each gallon of beer or flavored malt beverage;
- (2) ~~one dollar (\$1)~~ **one dollar and sixty-seven cents (\$1.67)** of the liquor excise tax rate collected on each gallon of liquor;
- (3) ~~twenty cents (\$0.20)~~ **thirty-one and seventy-five hundredths cents (\$0.3175)** of the wine excise tax rate collected on each gallon of wine;
- (4) the entire amount of malt excise tax collected; and
- (5) the entire amount of hard cider excise tax collected;

daily with the treasurer of state and not later than the fifth day of the following month shall cover them into the general fund of the state for distribution as provided in this chapter.

SECTION 76. IC 7.1-4-6-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. ~~Discount for Timely Payment:~~ The department shall allow a taxpayer a ~~discount of one and one-half percent (1 1/2%) of the amount of excise taxes otherwise due collection allowance~~ for the accurate reporting and timely remitting of the excise taxes imposed by this title. **The collection allowance is the following percentage of the amount of excise taxes otherwise due:**

- (1) **For beer, hard cider, and liquid malt and wort excise taxes, seventy-five hundredths percent (0.75%).**
- (2) **For liquor and wine excise taxes, one and two-tenths percent (1.2%).**

SECTION 77. IC 7.1-4-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. ~~Distribution of Excise Revenue to Cities and Towns:~~ The treasurer of the state shall set aside for allocation to the cities and towns of ~~this state fifty percent (50%) of the gross amount of Indiana the following amount of the revenue deposited in the general fund in accordance with the provisions of IC 1971, 7.1-4-7-5: as provided in section 5 of this chapter:~~

- (1) **Two cents (\$0.02) of the beer excise tax collected on each gallon of beer as provided in IC 7-4-2-1.**
- (2) **Fifty cents (\$0.50) of the liquor excise tax collected on each gallon of liquor as provided in IC 7-4-3-1.**
- (3) **Ten cents (\$0.10) of the wine excise tax collected on each gallon of wine as provided in IC 7-4-4-1.**
- (4) **Five and seventy-five hundredths cents (\$0.0575) of the hard cider excise tax collected on each gallon of hard cider as provided in IC 7-4-4.5-1.**

**(5) Two and five-tenths cents (\$0.025) of the liquid malt and wort excise tax collected on each gallon of liquid malt or wort as provided in IC 7-4-5-1.**

SECTION 78. IC 8-9.5-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 2. As used in this chapter, "authority" means:

- (1) an authority or agency established under IC 8-1-2.2 or IC 8-9.5 through IC 8-23;
- (2) the commission established under IC 4-13.5;
- (3) only in connection with a program established under IC 13-18-13 or IC 13-18-21, the bank established under IC 5-1.5; ~~or~~
- (4) a fund or program established under IC 13-18-13 or IC 13-18-21;

**(5) the authority established under IC 4-4-11; or**

**(6) the authority established under IC 5-1-17.**

SECTION 79. IC 9-13-2-170 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 170. "Special group" means:

**(1) a class or group of persons that the bureau finds:**

~~(1) that:~~

- (A) have made significant contributions to the United States, Indiana, or the group's community or
- ~~(B) are descendants of native or pioneer residents of Indiana;~~
- ~~(2) (B) are organized as a nonprofit organization (as defined under Section 501(c) of the Internal Revenue Code);~~
- ~~(3) (C) are organized for nonrecreational purposes; and~~
- ~~(4) (D) are organized as a separate, unique organization or as a coalition of separate, unique organizations; or~~

**(2) a professional sports franchise.**

SECTION 80. IC 9-18-15-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) A person who is the registered owner or lessee of a:

- (1) passenger motor vehicle;
- (2) motorcycle;
- (3) recreational vehicle; or
- (4) vehicle registered as a truck with a declared gross weight of not more than:

- (A) eleven thousand (11,000) pounds;
- (B) nine thousand (9,000) pounds; or
- (C) seven thousand (7,000) pounds;

registered with the bureau or who makes an application for an original registration or renewal registration of a vehicle may apply to the bureau for a personalized license plate to be affixed to the vehicle for which registration is sought instead of the regular license plate.

(b) A person who:

- (1) is the registered owner or lessee of a vehicle described in subsection (a); and
- (2) is eligible to receive a license plate for the vehicle under:
  - (A) IC 9-18-17 (prisoner of war license plates);
  - (B) IC 9-18-18 (disabled veteran license plates);
  - (C) IC 9-18-19 (purple heart license plates);
  - (D) IC 9-18-20 (Indiana National Guard license plates);
  - (E) IC 9-18-21 (Indiana Guard Reserve license plates);
  - (F) IC 9-18-22 (license plates for persons with disabilities);
  - (G) IC 9-18-23 (amateur radio operator license plates);

- (H) IC 9-18-24 (civic event license plates);
- (I) IC 9-18-25 (special group recognition license plates);
- (J) IC 9-18-29 (environmental license plates);
- (K) IC 9-18-30 (kids first trust license plates);
- (L) IC 9-18-31 (education license plates);
- (M) IC 9-18-32.2 (drug free Indiana trust license plates);
- (N) IC 9-18-33 (Indiana FFA trust license plates);
- (O) IC 9-18-34 (Indiana firefighter license plates);
- (P) IC 9-18-35 (Indiana food bank trust license plates);
- (Q) IC 9-18-36 (Indiana girl scouts trust license plates);
- (R) IC 9-18-37 (Indiana boy scouts trust license plates);
- (S) IC 9-18-38 (Indiana retired armed forces member license plates);
- (T) IC 9-18-39 (Indiana antique car museum trust license plates);
- (U) IC 9-18-40 (D.A.R.E. Indiana trust license plates);
- (V) IC 9-18-41 (Indiana arts trust license plates);
- (W) IC 9-18-42 (Indiana health trust license plates);
- (X) IC 9-18-43 (Indiana mental health trust license plates);
- (Y) IC 9-18-44 (Indiana Native American Trust license plates);
- (Z) IC 9-18-45.8 (Pearl Harbor survivor license plates);
- (AA) IC 9-18-46.2 (Indiana state educational institution trust license plates);
- (BB) IC 9-18-47 (Lewis and Clark bicentennial license plates); ~~or~~
- (CC) IC 9-18-48 (Riley Children's Foundation license plates); **or**
- (DD) IC 9-18-49 (Professional sports teams license plates);**

may apply to the bureau for a personalized license plate to be affixed to the vehicle for which registration is sought instead of the regular special recognition license plate.

SECTION 81. IC 9-18-49 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

**Chapter 49. Professional Sports Teams License Plates**

**Sec. 1. The bureau shall design and issue a professional sports teams license plate for a professional sports team from which the bureau secures an agreement for the production and sale of license plates. A professional sports team license plate shall be designed and issued as a special group recognition license plate under IC 9-18-25.**

**Sec. 2. The bureau shall:**

- (1) negotiate for the purpose of entering; or**
- (2) delegate the authority to enter;**

**into license agreements with a professional sports franchise in order to design and issue a professional sports teams license plate authorized under section 1 of this chapter.**

**Sec. 3. After December 31, 2005, a person who is eligible to register a motor vehicle under this title is eligible to receive a specified professional sports teams license plate issued under a licensing agreement entered into under section 2 of this chapter with a specified professional sports franchise upon doing the following:**

- (1) Completing an application for a specified professional sports team license plate.**
- (2) Paying the fees under section 4 of this chapter.**

Sec. 4. (a) The fees for a professional sports teams license plate are as follows:

- (1) The appropriate fees under IC 9-29-5-38(d)(1), IC 9-29-5-38(d)(2), and IC 9-29-5-38(d)(3).
- (2) An annual fee under IC 9-29-5-38(d)(4), to be determined by the bureau by rule.

(b) The annual fee described in subsection (a)(2) shall be:

- (1) collected by the bureau; and
- (2) deposited in the capital projects trust fund established by section 5 of this chapter.

Sec. 5. (a) The capital projects trust fund is established.

(b) The treasurer of state shall invest the money in the capital projects trust fund not currently needed to meet the obligations of the capital projects trust fund in the same manner as other public trust funds are invested. Interest that accrues from these investments shall be deposited in the capital projects trust fund. Money in the fund is continuously appropriated for the purposes of this section.

(c) The budget director shall administer the capital projects trust fund. Expenses of administering the capital projects trust fund shall be paid from money in the capital projects trust fund.

(d) On:

- (1) June 30 of every year after June 30, 2006; or
- (2) any other date designated by the budget director;

an amount designated by the budget director shall be transferred from the fund to the state general fund or to any fund established to pay bonds (as defined in IC 5-1-17-3) issued by the Indiana stadium and convention building authority created by IC 5-1-17. Money transferred to the state general fund under this subsection shall be used exclusively to fund appropriations made by the general assembly for capital projects.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 6. The budget agency shall adopt rules under IC 4-22-2 to implement this chapter.

SECTION 82. IC 9-29-5-38 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 38. (a) Except as provided in subsections (c) and (d), vehicles registered under IC 9-18-25 are subject to the following:

- (1) An appropriate annual registration fee.
- (2) An annual supplemental fee of ten dollars (\$10).
- (3) Any other fee or tax required of a person registering a vehicle under this title.

(b) The bureau shall distribute all money collected under the annual supplemental fee under subsection (a)(2) as follows:

- (1) Five dollars (\$5) from each registration is appropriated to the bureau of motor vehicles for the purpose of administering IC 9-18-25.
- (2) Five dollars (\$5) from each registration shall be deposited in the state license branch fund under IC 9-29-14.

(c) A vehicle registered under IC 9-18-25 that is owned by a former prisoner of war or by the prisoner's surviving spouse is exempt from the annual registration fee and the annual supplemental fee.

(d) A motor vehicle registered and issued a special group recognition license plate under IC 9-18-25 and IC 9-18-49 is

subject to the following:

- (1) An appropriate annual registration fee.
- (2) An annual supplemental fee of twenty dollars (\$20).
- (3) Any other fee or tax required of a person registering a vehicle under this title.
- (4) An annual fee to be determined by the bureau by rule, as provided in IC 9-18-49-4(a)(2).

SECTION 83. IC 12-13-8-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5. For taxes first due and payable in Each year after 2003, each county shall impose a controlled taxes for medical assistance property tax levy equal to the product of:

- (1) the controlled taxes certified for the county by the department of local government finance under this section for medical assistance property tax levy imposed for taxes first due and payable in the preceding year, as that levy amount was determined by the department of local government finance in fixing the civil taxing unit's county's budget, levy, taxes, and rate tax rates for that preceding calendar year under, before 2008, IC 6-1.1-17 and, after 2005, IC 6-13 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy taxes for the calendar year; multiplied by
- (2) the statewide average assessed value tax growth quotient using all the county assessed value growth quotients determined under IC 6-1.1-18.5-2 IC 6-12-4-4 for the year in which the tax levy under this section will be first due and payable.

If the amount levied tax in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy tax in the following year shall be reduced by the amount of surplus money as a temporary adjustment to the county's controlled tax limit and controlled levy limit.

SECTION 84. IC 12-16-14-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3. (a) For purposes of this section, "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b)(1).

(b) For taxes first due and payable in 2003, each county shall impose a hospital care for the indigent property tax levy equal to the product of:

- (1) the county's hospital care for the indigent property tax levy for taxes first due and payable in 2002; multiplied by
- (2) the county's assessed value growth quotient determined under IC 6-1.1-18.5-2 for taxes first due and payable in 2003.

(c) (b) For taxes first due and payable in 2004 2005; and for 2006, each county shall impose a controlled taxes for hospital care for the indigent property tax levy equal to the product of:

- (1) the county's hospital care for the indigent property tax levy for taxes first due and payable in the preceding year, 2005; multiplied by
- (2) the assessed value tax growth quotient determined in the last STEP of the following STEPS:

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective:

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the

nearest ten-thousandth) of the county's total assessed value of all taxable property in the particular calendar year, divided by the county's total assessed value of all taxable property in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3): under IC 6-12-4-4 for 2006.

(d) Except as provided (c) Subject to the limitations in subsection (e): (d), each county shall impose controlled taxes for hospital care for the indigent equal to:

(1) for taxes first due and payable in 2007, each county shall impose a hospital care for the indigent property tax levy equal to the average annual amount of payable claims attributed to the county under IC 12-16-7.5-4.5 during the state fiscal years beginning:

- (A) July 1, 2003;
- (B) July 1, 2004; and
- (C) July 1, 2005; and

(2) for all subsequent annual levies under this section, years, the average annual amount of payable claims attributed to the county under IC 12-16-7.5-4.5 during the three (3) most recently completed state fiscal years.

(e) (d) A county may not impose an annual levy controlled taxes in any year under subsection (d) (c) in an amount greater than the product of:

(1) The greater of:

- (A) the county's amount of controlled taxes imposed by the county for hospital care for the indigent property tax levy for taxes first due and payable in 2006; or
- (B) the amount of the county's maximum controlled taxes certified for the county by the department of local government finance for hospital care for the indigent, property tax levy as the amount was determined under this subsection for taxes first due and payable in by the department of local government finance in fixing the county's budget, taxes, and tax rates for that preceding calendar year under, before 2006, IC 6-1.1-17 and after 2005, IC 6-13 and after eliminating the effects of temporary adjustments made to the amount for the immediately preceding year; multiplied by

(2) the assessed value tax growth quotient determined in the last STEP of the following STEPS:

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth) of the county's total assessed value of all taxable property in the particular calendar year, divided by the county's total assessed value of all taxable property in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3): under IC 6-12-4-4 for the year.

SECTION 85. IC 12-19-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4. (a) For taxes first due and payable in Each year after 2003, each county shall impose a controlled taxes for the county family and children property tax levy children's fund, excluding any amount attributable for loans under this chapter or IC 12-19-5, equal to the product of:

- (1) the controlled taxes certified for the county by the department of local government finance for the family and children property tax levy imposed children's fund for taxes first due and payable in the preceding year, as that levy amount was determined by the department of local government finance in fixing the civil taxing unit's county's budget, levy, taxes, and rate tax rates for that preceding calendar year under, before 2006, IC 6-1.1-17 and after 2005, IC 6-13 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy certified amount for the calendar year; multiplied by
- (2) the greater of:

- (A) the county's assessed value tax growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2; IC 6-12-4-4; or
- (B) one (1).

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable, the amount to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section. If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

(b) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

SECTION 86. IC 12-19-7.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 6. (a) For taxes first due and payable in 2004, each county must impose a county children's psychiatric residential services property tax levy equal to the amount determined using the following formula:

STEP ONE: Determine the sum of the amounts that were paid by the county minus the amounts reimbursed by the state (including reimbursements made with federal money); as determined by the state board of accounts in 2000, 2001, and 2002 for payments to facilities licensed under 470 IAC 3-13 for services that were made on behalf of the children and for which payment was made from the county family and children fund; or five percent (5%) of the average family and children budget; as determined by the department of local government finance in 2000, 2001, and 2002; whichever is greater.

STEP TWO: Subtract from the amount determined in STEP ONE the sum of the miscellaneous taxes that were allocated to the county family and children fund and used to pay the costs for providing services in facilities licensed under 470 IAC 3-13 in 2000, 2001, and 2002.

STEP THREE: Divide the amount determined in STEP TWO by three (3):

STEP FOUR: Calculate the STEP ONE amount and the STEP TWO amount for 2002 expenses only.

STEP FIVE: Adjust the amounts determined in STEP THREE and STEP FOUR by the amount determined by the department of local government finance under subsection (c).

STEP SIX: Determine whether the amount calculated in STEP THREE, as adjusted in STEP FIVE, or the amount calculated in STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the greater amount by the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for property taxes first due and payable in 2003.

STEP SEVEN: Multiply the amount determined in STEP SIX by the county's assessed value growth quotient for property taxes first due and payable in 2004, as determined under IC 6-1.1-18.5-2.

(b) For taxes first due and payable in Each year after 2004, each county shall impose a **county controlled taxes for the children's psychiatric residential treatment services property tax levy fund, excluding any amount attributable for loans under this chapter or IC 12-19-5**, equal to the product of:

(1) the **controlled taxes certified for the county by the department of local government finance for the children's psychiatric residential treatment services property tax levy imposed for taxes first due and payable fund** in the preceding year, as that ~~levy amount~~ was determined by the department of local government finance in fixing the ~~civil taxing unit's~~ **county's** budget, ~~levy, taxes, and rate tax rates~~ for that preceding calendar year under, **before 2006, IC 6-1.1-17 and after 2005, IC 6-13** and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the ~~levy certified amount~~ for the calendar year; multiplied by

(2) the greater of:

(A) the ~~county's assessed tax~~ value growth quotient for the ensuing calendar year, as determined under ~~IC 6-1.1-18.5-2; IC 6-12-4-4~~; or

(B) one (1).

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable, the amount to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section. If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

(c) For taxes first due and payable in 2004, the department of local government finance shall adjust the levy for each county to reflect the county's actual expenses incurred in providing services to children in facilities licensed under 470 IAC 3-13 in 2000, 2001, and 2002. In making this adjustment, the department of local government finance may consider all relevant information, including the county's use of bond and loan proceeds to pay these expenses.

(d) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

SECTION 87. IC 12-20-21-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. **Subject to IC 12-20-23**, if the board of commissioners determines from the ~~levies made~~ **controlled taxes imposed** by the respective townships for poor relief purposes that there will be insufficient money in the township poor relief fund to provide free and available money during the following year for poor relief purposes on the basis of the total costs of poor relief granted by the township trustees, as administrators of poor relief, for the previous twelve (12) months:

(1) the board of commissioners may include estimates for the advancements in the county general fund budget; **and**

(2) the county fiscal body may appropriate for the advancement in the budget and, ~~levy to the extent that an increase in the county's tax will not exceed the county's controlled tax limit, impose controlled taxes~~ as adopted by the county fiscal body. **and**

(3) The department shall include that amount in the final **determination of the county general fund levy budget.**

SECTION 88. IC 12-20-25-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4. As used in this chapter, "distressed township" means:

(1) a township that:

(A) has a valid poor relief claim that the county auditor cannot pay within thirty (30) days after the claim is approved for payment under IC 12-2-1-31 (before its repeal) or IC 12-20-20;

(B) has poor relief expenditures during a year that exceed the year's poor relief revenues, excluding any advances from the state and revenues from short term loans from the county or a financial institution or advances from the county from the proceeds of bonds, made or issued under:

(i) this article; or

(ii) IC 12-2-1, IC 12-2-4.5, or IC 12-2-5 (before the repeal of those statutes);

(C) has imposed and dedicated to poor relief at least ninety percent (90%) of the maximum ~~permissible ad valorem~~ **property tax levy amount of controlled taxes** permitted for all of the township's money under ~~IC 6-1.1-18.5; IC 6-12~~; and

(D) has outstanding indebtedness that exceeds one and eight-tenths percent (1.8%) of the township's adjusted value of taxable property in the district as determined under IC 36-1-15; or

(2) a township that:

(A) has been a controlled township during any part of the preceding five (5) years;

(B) has a valid poor relief claim that the county auditor cannot pay within thirty (30) days after the claim is approved for payment under IC 12-2-1-31 (before its repeal) or IC 12-20-20; and

(C) uses advances from the county from proceeds of bonds issued under IC 12-2-1 (before its repeal) or this article.

SECTION 89. IC 12-29-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 2. (a) A county shall fund the operation of community mental health centers in the amount determined under subsection (b), unless a lower tax levy amount will be adequate to fulfill the county's financial

obligations under this chapter in any of the following situations:

- (1) If the total population of the county is served by one (1) center.
- (2) If the total population of the county is served by more than one (1) center.
- (3) If the partial population of the county is served by one (1) center.
- (4) If the partial population of the county is served by more than one (1) center.

(b) The amount of funding under subsection (a) for taxes **first due and payable** in a calendar year is the following:

(1) For 2004, the amount is the amount determined under **STEP THREE** of the following formula:

**STEP ONE:** Determine the amount that was levied within the county to comply with this section from property taxes first due and payable in 2002.

**STEP TWO:** Multiply the **STEP ONE** result by the county's assessed value growth quotient for the ensuing year 2003; as determined under IC 6-1.1-18.5-2.

**STEP THREE:** Multiply the **STEP TWO** result by the county's assessed value growth quotient for the ensuing year 2004; as determined under IC 6-1.1-18.5-2.

(2) For 2005 and each year thereafter, the result equal to:

(A) (1) the amount that was levied of **controlled taxes imposed** in the county to comply with this section from property taxes first due and payable in the calendar year immediately preceding the ensuing calendar year; multiplied by  
(B) (2) the county's assessed tax value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2.  
**IC 6-12-4.4.**

SECTION 90. IC 16-35-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3. (a) For taxes first due and payable in Each year after 2003; each county shall impose a **controlled taxes** for children with special health care needs **property tax levy** equal to the product of:

- (1) the amount, excluding any amount attributable for loans under this chapter or IC 12-19-5, **controlled taxes imposed** for children with special health care needs **property tax levy imposed** for taxes first due and payable in the preceding year, as that **levy amount** was determined by the department of local government finance in fixing the **civil taxing unit's county's** budget, **levy, taxes, and rate tax rates** for that preceding calendar year under, **before 2006, IC 6-1.1-17 and after 2005, IC 6-13** and after eliminating the effects of **temporary excessive levy appeals and any other** temporary adjustments made to the **levy amount** for the calendar year; multiplied by
- (2) the greater of:

(A) the county's assessed value tax growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2;  
**IC 6-12-4.4;** or

(B) one (1).

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable; the amount to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section: If the amount

levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

(b) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

SECTION 91. IC 16-44-2-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. (a) Except as provided in subsection (b), fees for the inspection of gasoline or kerosene shall be at the rate of **forty fifty cents (\$0.40) (\$0.50)** per barrel (fifty (50) gallons) on all gasoline or kerosene received in Indiana less deductions provided in this section.

(b) A fee for inspection of gasoline or kerosene may not be charged for the following:

- (1) On transport or tank car shipments direct to the federal government.
- (2) On gasoline or kerosene received and subsequently exported from Indiana or returned to refineries or marine or pipeline terminals in Indiana.

(c) Fees shall be paid to the state department by the person receiving gasoline or kerosene in Indiana at the time gasoline or kerosene products are received, unless the person receiving the gasoline or kerosene is licensed as a distributor under the gasoline tax law (IC 6-6-1.1). In that case, the person in receipt of the gasoline or kerosene shall do the following:

- (1) Include in the person's monthly gasoline tax report a statement of all gasoline and kerosene received during the preceding calendar month on which inspection fees are due.
- (2) Remit the amount of the inspection fees at the same time the monthly motor fuel tax report is due.

(d) A refiner or other person supplying gasoline or kerosene to the first receiver in Indiana may elect to pay the fees monthly on all gasoline or kerosene supplied to persons in Indiana not licensed as distributors under the gasoline tax law (IC 6-6-1.1). If the supplier is not licensed as a distributor under the gasoline tax law of Indiana (IC 6-6-1.1), the supplier shall, as a condition precedent to such election, file with the state department a corporate surety bond that meets the following conditions:

- (1) Is in the form and amount that the state department determines, not to exceed two thousand dollars (\$2,000).
- (2) Is conditioned that the supplier does the following:
  - (A) Reports all gasoline and kerosene supplied by the supplier to persons in Indiana not licensed as distributors under the gasoline tax law (IC 6-6-1.1).
  - (B) Pays inspection fees monthly on or before the twenty-fifth day of each calendar month for the preceding calendar month.

(e) A person taking credit for gasoline or kerosene exported or returned to a refinery or terminal shall substantiate that credit in the manner that the state department reasonably requires by rule.

(f) A distributor who fails to file a monthly report and pay the tax due as required by this chapter is subject to a penalty of five percent (5%) of the amount of unpaid tax due and interest on the unpaid tax and penalty at the rate of eight percent (8%) annually. However, if a delay not exceeding ten (10) days is due to a mistake, an accident, or an oversight without intent to avoid payment, the administrator may waive the penalty and interest.

SECTION 92. IC 16-44-2-18.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2005]: **Sec. 18.5. (a) As used in this section, "special fuel" has the meaning set forth in IC 6-6-2.5-22, except that the term does not include kerosene.**

**(b) Except as provided in subsection (c), fees for the inspection of special fuel shall be at the rate of fifty cents (\$0.50) per barrel (fifty (50) gallons) on all special fuel sold or used in producing or generating power for propelling motor vehicles in Indiana less deductions provided in this section.**

**(c) A fee for the inspection of special fuel may not be charged with respect to special fuel that is exempt from the special fuel tax under IC 6-6-2.5-30.**

**(d) The fee imposed by this chapter on special fuel sold or used in producing or generating power for propelling motor vehicles in Indiana shall be collected and remitted to the state at the same time, by the same person, and in accordance with the same requirements for collection and remittance of the special fuels tax under IC 6-6-2.5-35.**

**(e) Fees collected under this section shall be deposited by the department in the underground petroleum storage tank excess liability trust fund established by IC 13-23-7-1.**

**(f) A person who receives a refund of special fuel tax under IC 6-6-2.5 is also entitled to a refund of fees paid under this section if:**

- (1) the fees were paid with respect to special fuel that was used for an exempt purpose described in IC 6-6-2.5-30; and**
- (2) the person submits to the state department of revenue a claim for a refund, in the form prescribed by the state of department of revenue, that includes the following information:**

**(A) Any evidence requested by the state department of revenue concerning the person's:**

- (i) payment of the fee imposed by this section; and**
- (ii) receipt of a refund of special fuel taxes from the state department of revenue under IC 6-6-2.5.**

**(B) Any other information reasonably requested by the state department of revenue.**

**The state department of revenue may make any investigation it considers necessary before refunding fees to a person.**

SECTION 93. IC 20-12-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: **Sec. 2. (a) The Ball State University board of trustees, Indiana State University board of trustees, the trustees of Indiana University, the trustees of Purdue University, and the University of Southern Indiana board of trustees, each as to its respective institution, shall have the power and duty:**

- (1) to govern the disposition and method and purpose of use of the property owned, used, or occupied by the institution, including the governance of travel over and the assembly upon the property;**
- (2) to govern, by specific regulation and other lawful means, the conduct of students, faculty, employees, and others while upon the property owned, used, or occupied by the institutions;**
- (3) to govern, by lawful means, the conduct of its students, faculty, and employees, wherever the conduct might occur, to the end of preventing unlawful or objectionable acts that seriously threaten the ability of the institution to maintain its facilities available for performance of its educational activities or that are in violation of the reasonable rules and standards of**

**the institution designed to protect the academic community from unlawful conduct or conduct presenting a serious threat to person or property of the academic community;**

**(4) to dismiss, suspend, or otherwise punish any student, faculty member, or employee of the institution who violates the institution's rules or standards of conduct, after determination of guilt by lawful proceedings;**

**(5) to prescribe the fees, tuition, and charges necessary or convenient to the furthering of the purposes of the institution and to collect the prescribed fees, tuition, and charges;**

**(6) to prescribe the conditions and standards of admission of students upon the bases as are in its opinion in the best interests of the state and the institution;**

**(7) to prescribe the curricula and courses of study offered by the institution and define the standards of proficiency and satisfaction within the curricula and courses established by the institution;**

**(8) to award financial aid to students and groups of students out of the available resources of the institution through scholarships, fellowships, loans, remissions of fees, tuitions, charges, or other funds on the basis of financial need, excellence of academic achievement, or potential achievement or any other basis as the governing board may find to be reasonably related to the educational purposes and objectives of the institution and in the best interest of the institution and the state;**

**(9) to cooperate with other institutions to the end of better assuring the availability and utilization of its total resources and opportunities to provide excellent educational opportunity for all persons;**

**(10) to establish and carry out written policies for the investment of the funds of the institution in the manner provided by IC 30-4-3-3; and**

**(11) to lease to any corporation, limited liability company, partnership, association, or individual real estate title to which is in the name of an institution or in the name of the state for the use and benefit of the leasing institution; and**

**(12) to adopt policies and standards for making property owned by the institution reasonably available to be used free of charge as locations for the production of motion pictures.**

**(b) A lease may be for such term and for such rental, either nominal or otherwise, as the board determines to be in the best interest of the institution. No lease shall be executed under this section for a term exceeding four (4) years unless the execution is approved by the governor and by the ~~state~~ budget agency. The universities shall be exempt from all property taxes on any real estate leased under this section, and the lessee shall be liable for property taxes on the leased real estate as if the real estate were owned by the lessee in fee simple, unless the lessee is a student living in university-owned facilities.**

**(c) This section shall not be construed to deny any tax exemption that a lessee would have under other laws if the lessee were the owner in fee simple of the real estate.**

SECTION 94. IC 20-24-7-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: **Sec. 10. (a) Not later than the date on which the department of local government finance**



certifies a final action on budgets, taxes, and tax rates under IC 6-13, the department of local government finance shall provide to each county auditor the amount determined under section 3(c) of this chapter for each charter school attended by a student who has legal settlement in both the county and a school corporation located in the county.

(b) At the same time a county auditor distributes property taxes to a school corporation, the county auditor shall distribute to a charter school the amount described in subsection (a) for the charter school.

(c) A distribution of property taxes to a school corporation does not include an amount distributed under subsection (b).

(d) The department of education shall provide for the annual submission of reports before July 16 in each year from charter schools that provide reasonable estimate of the number of students that will be enrolled in the charter school in the current school year. The information shall be used to assist the department of local government finance in computing tax rates and tax amounts under IC 6-1.1-19-1.5. The department of education shall submit the information to the department of local government finance in the form and on the schedule required by the department of local government finance.

SECTION 95. IC 21-2-11.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3. (a) Subject to subsection (b), each school corporation may ~~levy~~ **impose controlled taxes** for the calendar year ~~a property tax~~ for the school transportation fund sufficient to pay all operating costs attributable to transportation that:

(1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and

(2) are listed in section 2(a)(1) through 2(a)(7) of this chapter.

(b) ~~For each year after 2003, The levy amount of controlled taxes for the fund may not exceed the levy amount of controlled taxes certified by the department of local government finance for the fund for the previous year, as that levy amount was determined by the department of local government finance in fixing the civil taxing unit's school corporation's budget, levy, taxes, and rate tax rates for that preceding calendar year under, before 2006, IC 6-1.1-17 and, after 2005, under IC 6-13 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy amount for the calendar year, multiplied by the assessed value tax growth quotient determined under STEP FOUR of the following formula:~~

~~STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 or IC 6-1.1-17-5.6 for part or all of the ensuing calendar year; divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year; rounding to the nearest one-thousandth (0.001).~~

~~STEP TWO: Determine the sum of the STEP ONE results.~~

~~STEP THREE: Divide the STEP TWO result by six (6); rounding to the nearest one-thousandth (0.001).~~

~~STEP FOUR: Determine the lesser of the following:~~

~~(A) The STEP THREE quotient.~~

~~(B) One and six-hundredths (1.06).~~

If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund; the levy in the

following year shall be reduced by the amount of surplus money: IC 6-12-4-4 for the ensuing year.

(c) Each school corporation may ~~levy~~ **impose controlled taxes** for the calendar year ~~a tax~~ for the school bus replacement fund in accordance with the school bus acquisition plan adopted under section 3.1 of this chapter.

(d) ~~The tax rate and levy for each fund shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17.~~

SECTION 96. IC 21-2-19 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]:

## **Chapter 19. Racial Balance Fund**

**Sec. 1. This chapter applies to a school corporation that:**

- (1) is located in Allen County or Marion County;
- (2) is a party to a lawsuit alleging that its schools are segregated in violation of the Constitution of the United States or federal law;
- (3) desires to improve or maintain racial balance among two (2) or more schools within the school corporation, regardless of the school corporation's basis for desiring to improve or maintain racial balance; and
- (4) has a minority student enrollment that comprises at least ten percent (10%) of its total student enrollment, using the most recent enrollment data available to the school corporation.

**Sec. 2. As used in this chapter, "minority student" means a student who is black, Spanish American, Asian American, or American Indian.**

**Sec. 3. A school corporation may establish a racial balance fund if the department of local government finance:**

- (1) approved a racial balance fund for the school corporation before January 1, 2006, under IC 6-1.1-19-10 (repealed); or
- (2) approves a racial balance fund under this chapter.

**Sec. 4. The school corporation may petition the department of local government finance to impose an ad valorem property tax to raise revenue for the fund. However, before a school corporation may impose an ad valorem property tax under this chapter, the school corporation must file a petition with the department of local government finance. The petition must be filed before June 1 of the year preceding the first year the school corporation desires to impose the property tax and must include the following:**

- (1) The name of the school corporation.
- (2) A settlement agreement among the parties to a desegregation lawsuit that includes the program that will improve or maintain racial balance in the school corporation.
- (3) The proposed property tax levy.
- (4) Any other item required by the department of local government finance.

**Sec. 5. Upon receiving a petition under this chapter, the department of local government finance shall refer the petition to the local government tax control board. The local government tax control board shall consider the petition in the same manner as an appeal under IC 6-16. The local government tax control board may recommend to the department of local**

government finance that a school corporation be allowed to establish a racial balance fund to be funded by an ad valorem property tax levy. The amount of the levy shall be determined each year and the levy may not exceed the lesser of the following:

- (1) The revenue derived from a tax rate of eight and thirty-three hundredths cents (\$0.0833) for each one hundred dollars (\$100) of assessed valuation within the school corporation.
- (2) The revenue derived from a tax rate equal to the difference between the maximum rate allowed for the school corporation's capital projects fund under IC 21-2-15 minus the actual capital projects fund rate that will be in effect for the school corporation for a particular year.

Sec. 6. The department of local government finance shall review the petition of the school corporation and:

- (1) disapprove the petition if the petition does not comply with this chapter;
- (2) approve the petition; or
- (3) approve the petition with modifications.

Sec. 7. A property tax levy under this chapter is in addition to, and not part of, the school corporation's controlled tax limit and controlled levy limit for purposes of determining the school corporation's controlled tax limit and controlled levy limit.

Sec. 8. Money received from a property tax levy under this chapter shall be deposited in the school corporation's racial balance fund established under this chapter. Money in the fund may be used only for education programs that improve or maintain racial balance in the school corporation. Money in the fund may not be used for:

- (1) transportation; or
- (2) capital improvements;

even though those costs may be attributable to the school corporation's proposed programs for improving or maintaining racial balance in the school corporation.

SECTION 97. IC 36-1-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. "Fiscal officer" means:

- (1) auditor, for a county;
- (2) controller, for a consolidated city or second class city;
- (3) clerk-treasurer, for a third class city;
- (4) clerk-treasurer, for a town; ~~or~~
- (5) trustee, for a township;
- (6) **the treasurer, for a school corporation; or**
- (7) **the individual authorized as the fiscal officer by law or the political subdivision's fiscal body, for any other political subdivision.**

SECTION 98. IC 36-1-8-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4. (a) The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
- (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.

(3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.

(4) The amount transferred must be returned to the other fund at the end of the prescribed period.

(5) Only revenues derived from:

- (A) the levying and collection of property taxes, **income taxes**, or special taxes; or ~~from~~
- (B) operation of the political subdivision may be included in the amount transferred.

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

(1) Passes an ordinance or a resolution that contains the following:

- (A) A statement that the fiscal body has determined that an emergency exists.
- (B) A brief description of the grounds for the emergency.
- (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.

(2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance.

SECTION 99. IC 36-1-8-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) This section applies to all funds raised:

- (1) by a general or special tax levy on all the taxable property of a political subdivision; **or**
- (2) **from county income taxes.**

(b) Whenever the purposes of a tax levy **or an allocation of county income tax** have been fulfilled and an unused and unencumbered balance remains in the fund, the fiscal body of the political subdivision shall order the balance of that fund to be transferred as follows, unless a statute provides that it be transferred otherwise:

- (1) Funds of a county, to the ~~general fund or~~ rainy day fund of the county, as provided in section 5.1 of this chapter.
- (2) Funds of a municipality, to the ~~general fund or~~ rainy day fund of the municipality, as provided in section 5.1 of this chapter.
- (3) Funds of a township for redemption of ~~poor relief township assistance~~ obligations, to the ~~poor relief township assistance~~ fund of the township or rainy day fund of the township, as provided in section 5.1 of this chapter.
- (4) Funds of any other political subdivision, to the ~~general fund or~~ rainy day fund of the political subdivision, as provided in section 5.1 of this chapter.

However, if the political subdivision is dissolved ~~or does not have a general fund or rainy day fund~~, then to the ~~general rainy day fund~~ of each of the units located in the political subdivision in the same proportion that the assessed valuation of the unit bears to the total assessed valuation of the political subdivision.

(c) Whenever an unused and unencumbered balance remains in the civil township fund of a township and a current tax levy or an allocation of county income tax for the fund is not needed, the township fiscal body may order any part of the balance of that fund transferred to the debt service fund of the school corporation located in or partly in the township; but if more than one (1) school corporation is located in or partly in the township, then any sum transferred shall be transferred to the debt service fund of each of those school corporations in the same proportion that the part of the assessed valuation of the school corporation in the township bears to the total assessed valuation of the township.

(d) Transfers under this section to a political subdivision's rainy day fund must be made after the last day of the political subdivision's fiscal year and before March 1 of the subsequent calendar year.

SECTION 100. IC 36-1-8-5.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5.1. (a) The definitions in IC 6-11-1 apply throughout this section.

(b) A political subdivision may shall establish a rainy day fund. by the adoption of:

(c) The fiscal body of a political subdivision may authorize use of money in the fund for any of the following purposes:

(1) To make a permanent transfer of money to another fund specified in an ordinance, in the case of a county, city, or town, or a resolution, in the case of any other political subdivision to replace revenue lost as the result of reducing property tax rates or income tax rates, or both, to eliminate fluctuations in the rates that would otherwise be imposed as a result of changes in economic activity in the county.

(2) To make a temporary transfer or loan of money under section 4 of this chapter to fund a shortfall resulting from:

(A) tax collections that are less than the amount of controlled taxes certified by the department of local government finance for collection in a year;

(B) incorrect data, computations, or advertisements; or

(C) refunds paid to taxpayers as the result of an appeal under IC 6-1.1 or IC 6-8.1 related to property taxes or income taxes.

(3) To make a temporary transfer or loan of money under section 4 of this chapter to provide a temporary source of funds to pay or fund a bond, judgment bond, lease, or other obligation when other revenues are insufficient to meet the payments required in a year.

(4) To make a temporary transfer or loan of money under section 4 of this chapter to fund an increase in the budget and controlled tax limit granted by the department of local government finance under IC 6-12 or IC 6-13.

(5) To make a temporary transfer or loan of money under section 4 of this chapter in anticipation of the collection of property taxes, income taxes, or other sources of revenue.

(6) To make a permanent transfer of money for any other purpose specified in ~~(1)~~ an ordinance, in the case of a county, city, or town, or ~~(2)~~ a resolution, in the case of any other political subdivision, to the extent that the expenditure:

(A) is made from an amount that was deposited in the rainy day fund before January 1, 2006; or

(B) does not reduce the balance in the rainy day fund to less than six percent (6%) of the political subdivision's

budget for the year immediately preceding the year of the expenditure.

~~(b)~~ (d) The fund consists of money deposited in the rainy day fund:

(1) under subsection (e);

(2) under section 5 of this chapter;

(3) under IC 6-11-9-8; and

(4) from money from any other source: an ordinance or a resolution adopted under this section must specify the following:

~~(1)~~ The purposes of the rainy day fund:

~~(2)~~ The sources of funding for the rainy day fund; which may include the following:

~~(A)~~ Unused and unencumbered funds under:

~~(i)~~ section 5 of this chapter;

~~(ii)~~ IC 6-3.5-1.1-21.1;

~~(iii)~~ IC 6-3.5-6-17.3; or

~~(iv)~~ IC 6-3.5-7-17.3.

~~(B)~~ any other funding source:

~~(i)~~ (A) specified in the ordinance or resolution adopted under this section; and

~~(ii)~~ (B) not otherwise prohibited by law.

(e) Upon adoption of an ordinance or resolution authorizing a transfer of money under subsection (c)(1) or (c)(6), the ordinance or resolution must be submitted to the county auditor and the department of local government finance. A transfer under subsection (c)(1) or (c)(6) that reduces a controlled tax or tax rate does not reduce the political subdivision's controlled tax limit or controlled levy limit.

~~(c)~~ (f) The expenditure of money transferred from a rainy day fund to another fund is subject to the same appropriation process as other funds that receive tax money.

~~(d)~~ (g) In any fiscal year, a political subdivision may transfer under section 5 of this chapter not more than ten percent (10%) of the political subdivision's total annual budget for that fiscal year, adopted under ~~IC 6-1.1-17~~, IC 6-13, to the rainy day fund.

~~(e)~~ A political subdivision may use only the funding sources specified in subsection ~~(b)(2)(A)~~ or in the ordinance or resolution establishing the rainy day fund. The political subdivision may adopt a subsequent ordinance or resolution authorizing the use of another funding source:

~~(f)~~ The department of local government finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision:

SECTION 101. IC 36-7-13-3.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3.8. As used in this chapter, "state and local income taxes" means taxes imposed under any of the following:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).

(2) IC 6-3.5-1.1 (county adjusted gross income tax) (repealed).

(3) IC 6-3.5-6 (county option income tax) (repealed).

(4) IC 6-3.5-7 (county economic development income tax) (repealed).

(5) IC 6-11-8 (optional additional county income taxes).

SECTION 102. IC 36-7-14-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus  
(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus  
(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a

redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter before January 1, ~~2006~~, **2012**, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution before January 1, ~~2006~~, **2012**, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements in or serving that

allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) in or serving that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in or serving that allocation area under any lease entered into under IC 36-1-10.

(I) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three

(3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the commission.

(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes

specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the portion of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 103. IC 36-7-15.1-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus  
(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus  
(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution; the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter before January 1, ~~2006~~, **2012**, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution before January 1, ~~2006~~, **2012**, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision

after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements in that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocated area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the

allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

- (1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.
- (2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:
  - (A) Businesses operating in the enterprise zone.
  - (B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.
- (3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 104. IC 36-7-15.1-53 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 53. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 40 of this

chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means:

- (1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
- (2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Except as provided in section 55 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A resolution adopted under section 40 of this chapter before January 1, ~~2006~~, **2012**, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution before January 1, ~~2006~~, **2012**, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision must be approved by resolution of the legislative body of the excluded city and must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

- (1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:
  - (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
  - (B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

- (2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

- (A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
- (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.



(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 50 of this chapter.

(D) Pay the principal of and interest on bonds issued by the excluded city to pay for local public improvements in that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 46 of this chapter.

(G) Reimburse the excluded city for expenditures for local public improvements (which include buildings, park facilities, and other items set forth in section 45 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

(1) the assessed value of the property for the assessment date

with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located, is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in an enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers, for purposes of payments from the special zone fund, only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 105. IC 36-7-27-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4. (a) As used in this chapter, "county taxpayer" means an individual who:

- (1) resides in the county; or
- (2) **before 2006**, maintains the individual's principal place of business or employment in the county and who does not reside in another county in which the county option income tax, the county adjusted income tax, or the county economic development income tax is in effect **and, after 2005, maintains the individual's principal place of business or employment in the county and who is an out-of state resident (as defined in IC 6-11-1-10).**

(b) For purposes of this section, an individual shall be treated as a resident of the county in which the individual:

- (1) maintains a home, if the individual maintains only one (1) home in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;
- (3) if subdivision (1) or (2) does not apply, registers the individual's personal automobile; or
- (4) if subdivision (1), (2), or (3) does not apply, spends the majority of the individual's time spent in Indiana during the taxable year in question.

SECTION 106. IC 36-7-27-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5. As used in this chapter, "covered local income taxes" means the following income taxes imposed on county taxpayers:

- (1) County option income tax **(repealed).**
- (2) County economic development income tax **(repealed).**
- (3) **Optional additional county income tax (IC 6-11-8).**

SECTION 107. IC 36-7-31-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 6. As used in this chapter, "covered taxes" means the following:

- (1) The state gross retail tax imposed under IC 6-2.5-2-1 or use tax imposed under IC 6-2.5-3-2.
- (2) An adjusted gross income tax imposed under IC 6-3-2-1 on an individual.
- (3) A county option income tax imposed under IC 6-3.5-6 **(repealed).**
- (4) A food and beverage tax imposed under IC 6-9.
- (5) **An optional additional county income tax under IC 6-11-8.**

SECTION 108. IC 36-7-31-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 10. A commission

may establish as part of a professional sports development area any facility:

- (1) that is used in the training of a team engaged in professional sporting events; or
- (2) that is:
  - (A) financed in whole or in part by:
    - (i) notes or bonds issued by a political subdivision or issued under IC 36-10-9 or IC 36-10-9.1; or
    - (ii) **a lease or other agreement under IC 5-1-17; and**
  - (B) used to hold a professional sporting event.

The tax area may include a facility described in this section and any parcel of land on which the facility is located. An area may contain noncontiguous tracts of land within the county.

SECTION 109. IC 36-7-31-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 11. (a) A tax area must be initially established before July 1, 1999, according to the procedures set forth for the establishment of an economic development area under IC 36-7-15.1. A tax area may be changed **(including to the exclusion or inclusion of a facility described in this chapter)** or the terms governing the tax area **may be** revised in the same manner as the establishment of the initial tax area.

**However, after May 14, 2005:**

- (1) **a tax area may be changed only to include the site or future site of a facility that is or will be the subject of a lease or other agreement entered into between the capital improvement board and the Indiana stadium and convention building authority or any state agency under IC 5-1-17; and**
- (2) **the terms governing a tax area may be revised only with respect to a facility described in subdivision (1).**

(b) In establishing **or changing the tax area or revising the terms governing** the tax area, the commission must make the following findings instead of the findings required for the establishment of economic development areas:

- (1) That a project to be undertaken or that has been undertaken in the tax area is for a facility at which a professional sporting event **or a convention or similar event** will be held.
- (2) That the project to be undertaken or that has been undertaken in the tax area will benefit the public health and welfare and will be of public utility and benefit.
- (3) That the project to be undertaken or that has been undertaken in the tax area will protect or increase state and local tax bases and tax revenues.

(c) The tax area established by the commission under this chapter is a special taxing district authorized by the general assembly to enable the county to provide special benefits to taxpayers in the tax area by promoting economic development that is of public use and benefit.

SECTION 110. IC 36-7-31-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 14. (a) A tax area must be established by resolution. A resolution establishing a tax area must provide for the allocation of covered taxes attributable to a taxable event or covered taxes earned in the tax area to the professional sports development area fund established for the county. The allocation provision must apply to the entire tax area. The resolution must provide that the tax area terminates not later than December 31, 2027.

(b) All of the salary, wages, bonuses, and other compensation that are:

- (1) paid during a taxable year to a professional athlete for professional athletic services;
- (2) taxable in Indiana; and
- (3) earned in the tax area;

shall be allocated to the tax area if the professional athlete is a member of a team that plays the majority of the professional athletic events that the team plays in Indiana in the tax area.

(c) **Except as provided by section 14.1 of this chapter**, the total amount of state revenue captured by the tax area may not exceed five million dollars (\$5,000,000) per year for twenty (20) consecutive years.

(d) The resolution establishing the tax area must designate the facility and the facility site for which the tax area is established and covered taxes will be used.

(e) The department may adopt rules under IC 4-22-2 and guidelines to govern the allocation of covered taxes to a tax area.

SECTION 111. IC 36-7-31-14.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: **Sec. 14.1. (a) The budget director appointed under IC 4-12-1-3 may determine that, commencing July 1, 2007, there may be captured in the tax area up to eleven million dollars (\$11,000,000) per year in addition to the up to five million dollars (\$5,000,000) of state revenue to be captured by the tax area under section 14 of this chapter, for up to thirty-four (34) consecutive years. The budget director's determination must specify that the termination date of the tax area for purposes of the collection of the additional eleven million dollars (\$11,000,000) per year is extended to not later than December 31, 2040. Following the budget director's determination, and commencing July 1, 2007, the maximum total amount of revenue captured by the tax area for years ending before January 1, 2028, shall be sixteen million dollars (\$16,000,000) per year, and for years ending after December 31, 2027, shall be eleven million dollars (\$11,000,000) per year.**

(b) The additional revenue captured pursuant to a determination under subsection (a) shall be distributed to the capital improvement board or its designee. So long as there are any current or future obligations owed by the capital improvement board to the Indiana stadium and convention building authority created by IC 5-1-17 or any state agency pursuant to a lease or other agreement entered into between the capital improvement board and the Indiana stadium and convention building authority or any state agency pursuant to IC 5-1-17-26(b), the capital improvement board or its designee shall deposit the additional revenue received under this subsection in a special fund, which may be used only for the payment of the obligations described in this subsection.

SECTION 112. IC 36-7-31-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 21. **Except as provided in section 14.1 of this chapter**, the capital improvement board may use money distributed from the fund only to construct and equip a capital improvement that is used for a professional sporting event, including the financing or refinancing of a capital improvement or the payment of lease payments for a capital improvement.

SECTION 113. IC 36-7-31-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 23. This chapter expires December 31, ~~2027~~: **2040**.

SECTION 114. IC 36-7-31.3-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4. As used in this chapter, "covered taxes" means the part of the following taxes attributable to the operation of a facility designated as part of a tax area under section 8 of this chapter:

- (1) The state gross retail tax imposed under IC 6-2.5-2-1 or use tax imposed under IC 6-2.5-3-2.
- (2) An adjusted gross income tax imposed under IC 6-3-2-1 on an individual.
- (3) A county option income tax imposed under IC 6-3.5 **(repealed)**.
- (4) Except in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000), a food and beverage tax imposed under IC 6-9.
- (5) **An optional additional county income tax under IC 6-11-8.**

SECTION 115. IC 36-7-31.3-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 9. (a) A tax area must be initially established by resolution:

- (1) except as provided in subdivision (2) before July 1, 1999; or
- (2) before January 1, 2005, **in the case of:**
  - (A) ~~in the case of~~ a second class city; or
  - (B) the city of Marion;

according to the procedures set forth for the establishment of an economic development area under IC 36-7-14. **Before May 15, 2005**, a tax area may be changed or the terms governing the tax area revised in the same manner as the establishment of the initial tax area. **After May 14, 2005, a tax area may not be changed and the terms governing a tax area may not be revised.** Only one (1) tax area may be created in each county.

(b) In establishing the tax area, the designating body must make the following findings instead of the findings required for the establishment of economic development areas:

- (1) Except for a tax area in a city having a population of:
  - (A) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or
  - (B) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used by a professional sports franchise for practice or competitive sporting events. A tax area to which this subdivision applies may also include a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a)(2) of this chapter.

(2) For a tax area in a city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000), there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a) of this chapter.

(3) For a tax area in a city having a population of more than ninety thousand (90,000) but less than one hundred five

thousand (105,000), there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a)(2) of this chapter.

(4) The capital improvement that will be undertaken or that has been undertaken in the tax area will benefit the public health and welfare and will be of public utility and benefit.

(5) The capital improvement that will be undertaken or that has been undertaken in the tax area will protect or increase state and local tax bases and tax revenues.

(c) The tax area established under this chapter is a special taxing district authorized by the general assembly to enable the designating body to provide special benefits to taxpayers in the tax area by promoting economic development that is of public use and benefit.

SECTION 116. IC 36-7-32-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 8. As used in this chapter, "income tax base period amount" means the aggregate amount of the following taxes paid by employees employed in the territory comprising a certified technology park with respect to wages and salary earned for work in the certified technology park for the state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter:

- (1) The adjusted gross income tax **(repealed)**.
- (2) The county adjusted gross income tax **(repealed)**.
- (3) The county option income tax **(repealed)**.
- (4) The county economic development income tax **(repealed)**.
- (5) The optional additional county income tax (IC 6-11-8).**

**After 2005, taxes imposed before 2006 under the taxes listed in subdivision (1) through (4) shall be treated after 2005 as the base amount for taxes imposed under IC 6-11-8.**

SECTION 117. IC 36-7-32-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 22. (a) The treasurer of state shall establish an incremental tax financing fund for each certified technology park designated under this chapter. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for a certified technology park under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the certified technology park, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the certified technology park.

(2) The aggregate amount of the following taxes paid by employees employed in the certified technology park with respect to wages earned for work in the certified technology park, until the amount deposited equals the income tax incremental amount:

- (A) The adjusted gross income tax.
- (B) The county adjusted gross income tax.
- (C) The county option income tax.
- (D) The county economic development income tax.
- (E) The optional additional county income tax (IC 6-11-8).**

(c) Not more than a total of five million dollars (\$5,000,000) may be deposited in a particular incremental tax financing fund for a certified technology park over the life of the certified technology park.

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a certified technology park shall be distributed to the redevelopment commission for deposit in the certified technology park fund established under section 23 of this chapter.

SECTION 118. IC 36-9-14.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 6. (a) Except as provided in subsection (c), the county fiscal body may provide money for the cumulative capital development fund by levying a tax in compliance with ~~IC 6-11-41~~ **IC 6-15** on the taxable property in the county.

(b) The maximum property tax rate that may be imposed for property taxes first due and payable during a particular year in a county in which the county option income tax **(repealed)**, ~~or~~ the county adjusted gross income tax **(repealed)**, **or an optional additional county income tax imposed under IC 6-11-8** is in effect on January 1 of that year, depends upon the number of years the county has previously imposed a tax under this chapter and is determined under the following table:

NUMBER OF YEARS	TAX RATE PER \$100 OF ASSESSED VALUATION
0	\$0.05
1 or more	\$0.10

(c) The maximum property tax rate that may be imposed for property taxes first due and payable during a particular year in a county in which ~~neither~~ the county option income tax ~~nor~~ **(repealed)**, the county adjusted gross income tax **(repealed)** **or optional additional county income tax imposed under IC 6-11-8** is in effect on January 1 of that year, depends upon the number of years the county has previously imposed a tax under this chapter and is determined under the following table:

NUMBER OF YEARS	TAX RATE PER \$100 OF ASSESSED VALUATION
0	\$0.04
1 or more	\$0.070

SECTION 119. IC 36-12-1-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 14. An appointed library board subject to IC 6-11-10 shall submit its proposed operating budget and property tax levy for the operating budget to the following fiscal body:**

**(1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.**

**(2) If the library district:**

**(A) is not described by subdivision (1); and**

**(B) is located entirely within the boundaries of a township;**  
**the fiscal body of the township.**

**(3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located.**

SECTION 120. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2005]: IC 6-1.1-17-1; IC 6-1.1-17-2; IC 6-1.1-17-3; IC 6-1.1-17-5; IC 6-1.1-17-5.6; IC 6-1.1-17-6; IC 6-1.1-17-7; IC 6-1.1-17-8; IC 6-1.1-17-9; IC 6-1.1-17-10; IC 6-1.1-17-11; IC 6-1.1-17-12; IC 6-1.1-17-13; IC 6-1.1-17-14; IC 6-1.1-17-15; IC 6-1.1-17-16; IC 6-1.1-17-16.5; IC 6-1.1-17-16.7; IC 6-1.1-17-17; IC 6-1.1-17-19; IC 6-1.1-17-20; IC 6-1.1-18; IC 6-1.1-18.5; IC 6-1.1-18.6; IC 6-1.1-19-1.7; IC 6-1.1-19-2; IC 6-1.1-19-3; IC 6-1.1-19-4.1; IC 6-1.1-19-4.2; IC 6-1.1-19-4.4; IC 6-1.1-19-4.5; IC 6-1.1-19-4.6; IC 6-1.1-19-4.7; IC 6-1.1-19-4.9; IC 6-1.1-19-5.1; IC 6-1.1-19-5.3; IC 6-1.1-19-5.4; IC 6-1.1-19-6; IC 6-1.1-19-7; IC 6-1.1-19-8; IC 6-1.1-19-10; IC 6-1.1-19-10.5; IC 6-1.1-19-11; IC 6-1.1-19-12; IC 6-1.1-20; IC 6-1.1-29; IC 6-1.1-41; IC 12-13-8-4.

SECTION 121. IC 6-9-12-9 IS REPEALED [EFFECTIVE MAY 15, 2005].

SECTION 122. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2006]: IC 6-3.5-1.1; IC 6-3.5-2; IC 6-3.5-6; IC 6-3.5-7; IC 6-3.5-8.

SECTION 123. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2005]: IC 6-1.1-12.1-2.3; IC 6-3.1-26-10.

SECTION 124. [EFFECTIVE JULY 1, 2005] Any balance on December 31, 2005, and any amount collected for deposit after December 31, 2005, in a county's special account under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7, all as repealed by this act, and remaining after:

- (1) making certified distributions under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 for 2005;
- (2) paying any refunds to taxpayers for any overpayment of the county's county adjusted gross income tax, county option income tax, or county economic development tax; and
- (3) recovering any overpayment by the state to the county of county adjusted gross income tax, county option income tax, or county economic development tax;

shall be distributed by the auditor of state to the county imposing the tax for deposit in the rainy day funds of the political subdivisions in the county according to the schedule and formula prescribed by the department of local government finance, after consultation with the department of state revenue. An amount deposited in a rainy day fund is available to pay or fund any bond, lease, or other obligation for which a political subdivision pledged county adjusted gross income tax, county option income tax, or county economic development tax before January 1, 2006.

SECTION 125. [EFFECTIVE UPON PASSAGE] (a) IC 6-11, as added by this act, applies only to taxable years beginning after December 31, 2005.

(b) IC 6-12, as added by this act, initially applies to taxes first due and payable in 2006.

(c) IC 6-13, as added by this act, applies only to budget years beginning after December 31, 2005.

(d) Notwithstanding IC 6-14, as added by this act, IC 6-1.1-20 (as effective June 30, 2005) and IC 6-1.1-18.5-8 (as effective June 30, 2005) or IC 6-1.1-19-8 (as effective June 30, 2005), as appropriate, and not IC 6-14, as added by this act, applies to petitions, remonstrances, and the review of debt service or lease

rentals for a controlled project (as defined in IC 6-1.1-20-1.1 (before its repeal)) if a notice for the debt service or lease rentals has been published under IC 6-1.1-20-3.1(2) (repealed) before July 1, 2005. However, an action required by the school property tax control board shall be taken the by local government tax control board established under IC 6-13, as added by this act. Proceedings conducted under this subsection shall be treated as if they had been conducted under IC 6-14, as added by this act, for all purposes, including the issuance of obligations to refund an obligation subject to this subsection.

(e) Notwithstanding IC 6-14, as added by this act, a petition for approval of bond indebtedness, lease rentals, or bus purchase loans filed with the department of local government finance under IC 6-1.1-18.5-8 (as effective before July 1, 2005), IC 6-1.1-19-8 (as effective before July 1, 2005), or IC 6-1.1-20 (as effective before July 1, 2005), as appropriate, before July 1, 2005, shall be reviewed and approved after June 30, 2005, under IC 6-1.1-18.5-8 (as effective before July 1, 2005), IC 6-1.1-19-8 (as effective before July 1, 2005), or IC 6-1.1-20 (as effective before July 1, 2005), as appropriate. However, an action required by the school property tax control board shall be taken the by local government tax control board established under IC 6-13, as added by this act. Proceedings conducted under this subsection shall be treated as if they had been conducted under IC 6-14, as added by this act, for all purposes, including the issuance of obligations to refund an obligation subject to this subsection.

(f) Notwithstanding IC 6-14, as added by this act, a bonding bond or loan agreement that:

- (1) is entered into before July 1, 2005;
- (2) pledges county adjusted gross income tax, county option income tax, or county economic development income tax; and
- (3) was authorized and approved in conformity with the law in effect at the time the agreement was entered into;

is valid to the same extent as if it had been authorized and approved in compliance with all the requirements in IC 6-14, as added by this act. Otherwise, IC 6-14, as added by this act, applies to a pledge of county adjusted gross income tax, county option income tax, or county economic development tax for the funding or payment of bonded indebtedness or lease rentals to the same extent as if it were a pledge of county income tax made under IC 6-11, as added by this act. Any other loan, lease agreement, or bonded indebtedness, or other obligation that was entered into by a political subdivision before July 1, 2005, in conformity with the law in effect at the time the agreement was entered into (including any requirement requiring approval or review by the state board of tax commissioners or the department of local government finance) shall be treated after June 30, 2005, as if it had been entered into under IC 6-14, as added by this act. Proceedings conducted under this subsection shall be treated as if they had been conducted under IC 6-14, as added by this act, for all purposes, including the issuance of obligations to refund an obligation subject to this subsection.

(g) An action that:

- (1) is taken by a political subdivision before July 1, 2005; and

(2) complies with the requirements in IC 6-14, as added by this act;  
shall be treated after June 30, 2005, as meeting the requirements of IC 6-14, as added by this act.

(h) IC 6-15, as added by this act, applies only to property taxes first due and payable after December 31, 2005. An action that:

(1) is taken by a political subdivision before July 1, 2005; and

(2) complies with the requirements in IC 6-15, as added by this act;

shall be treated after June 30, 2005, as meeting the requirements of IC 6-15, as added by this act.

(i) The department of local government finance may adopt temporary rules in the manner provided in IC 4-22-2-37.1 for the adoption of emergency rules to implement this act. A temporary rule adopted under this subsection expires on the earliest of the following:

(1) The date specified in the temporary rule.

(2) The date another temporary rule adopted under this subsection supersedes the temporary rule.

(3) The date that a rule that supersedes the temporary rule is adopted under IC 4-22-2.

(4) July 1, 2007.

SECTION 126. [EFFECTIVE JULY 1, 2005] (a) Subject to this SECTION, after June 30, 2005, to the extent that there is a substantially similar requirement or procedure enacted in this act, a reference in a law, rule, policy, form, contract, or other document to any part of:

(1) IC 6-1.1-17 (repealed by this act) or IC 6-1.1-18 (repealed by this act) shall be treated as a reference to the appropriate requirements and procedures in IC 6-13, as added by this act;

(2) IC 6-1.1-18.5 (repealed by this act), IC 6-1.1-18.6 (repealed by this act), or IC 6-1.1-19 (repealed by this act) shall be treated as a reference to the appropriate requirements and procedures in IC 6-12, as added by this act;

(3) IC 6-1.1-20 shall be treated as a reference to the appropriate requirements and procedures in IC 6-14, as added by this act; and

(4) IC 6-1.1-41 (repealed by this act) shall be treated as a reference to the appropriate requirements and procedures in IC 6-15, as added by this act.

(b) Subject to this SECTION, after December 31, 2005, to the extent that there is a substantially similar requirement or procedure enacted in this act, a reference in a law, rule, policy, form, contract, or other document to any part of IC 6-3.5-1 (repealed), IC 6-3.5-1.1 (repealed by this act), IC 6-3.5-2 (repealed by this act), IC 6-3.5-6 (repealed by this act), IC 6-3.5-7 (repealed by this act), or IC 6-3.5-8 (repealed by this act) shall be treated as a reference to the appropriate requirements and procedures in IC 6-11.

(c) After June 30, 2005, to the extent that there is a substantially similar requirement or procedure enacted in this act, a reference in a law, rule, policy, form, contract, or other document to IC 6-1.1-17-16(e) (repealed by this act),

IC 6-1.1-18.5-8 (repealed by this act), IC 6-1.1-19-4.2 (repealed by this act), IC 6-1.1-19-4.6 (repealed by this act), or IC 6-1.1-19-8 (repealed by this act) shall be treated as a reference to the appropriate requirements and procedures in IC 6-14, as added by this act.

(d) After June 30, 2005, to the extent that there is a substantially similar requirement or procedure enacted in this act, a reference in a law, rule, policy, form, contract, or other document to IC 6-1.1-17-16.7 (repealed by this act) or IC 6-1.1-18-12 (repealed by this act) shall be treated as a reference to the appropriate requirements and procedures in IC 6-13-16, as added by this act, and IC 6-15, as added by this act.

(e) Each county board of tax adjustment is terminated on July 1, 2005. Political subdivision budgets, tax rates, and taxes for each year after 2005 shall be reviewed in conformity with IC 6-13, as added by this act. A reference in any law to the county board of tax adjustment does not have the effect of creating any procedure or requirement not included in IC 6-13, as added by this act.

(f) This act, including IC 6-12-3-4, as added by this act, does not increase the amount of debt that a political subdivision may incur under the Constitution of the State of Indiana or any law that limits debt to a percentage of the assessed value in the political subdivision.

(g) Any law that limits the amount of anticipation warrants that a political subdivision may issue or other short term borrowing that a political subdivision may make to a percentage of the levy imposed for a particular purpose or fund, shall be treated after December 31, 2005, as a reference to the percentage of the levy and county income taxes raised for the particular purpose or fund.

(h) A reference in IC 12-13-8-5, IC 12-16-14-3, IC 12-19-7-4, IC 12-19-7.5-6, IC 12-29-2-2, IC 16-35-3-3, or IC 21-2-11.5-3, all as amended by this act, to controlled taxes imposed for 2005 shall be treated as a reference to taxes used to compute the affected political subdivision's 2005 controlled tax limit under IC 6-11-4, as added by this act.

SECTION 127. [EFFECTIVE UPON PASSAGE] (a) IC 6-11 through IC 6-15, all as added by this act, shall be liberally construed to effectuate the intent of the general assembly to:

(1) provide county income taxes as an alternative source of revenue for tax increases traditionally raised through annual increases in property tax levies tied to the assessed value growth quotient;

(2) establish general tax controls over controlled property taxes and the county income taxes used to replace controlled property taxes;

(3) provide necessary funding to carry out the essential governmental functions of political subdivisions;

(4) establish a rainy day fund in each political subdivision as the primary source of savings for political subdivisions to use during times of economic distress, provide funds to temporarily fund shortfalls, and for cash flow needs;

(5) provide for the continued funding and payment after June 30, 2005, of debt and lease rentals incurred by political subdivisions and allocation areas before July 1, 2005;

(6) limit state distributions to replace revenue lost from the granting of property tax replacement credits and homestead credits;

(7) provide additional public and administrative review of debt and lease rental obligations; and

(8) grant the department of local government finance adequate authority to implement this act to carry out the intent of the general assembly.

(b) The repeal of a provision in IC 6-1.1 or IC 6-3.5 by this act shall not be construed to mean that the general assembly is rescinding any policy adopted in another act in the same session as this act. The department of local government finance shall administer IC 6-11 through IC 6-15, all as added by this act, in a manner that implements policies adopted in other acts that are not inconsistent with the policies adopted in IC 6-11 through IC 6-13, all as added by this act.

(c) Except with respect to limitations on the allocation factors that may be used to distribute income taxes under IC 6-11-8, as added by this act, and expansion of the purposes for which local income taxes may be used, it is the intent of the general assembly that political subdivisions:

(1) be authorized to raise under the controlled tax limits imposed by this act substantially similar revenue from controlled property taxes and controlled income taxes under IC 6-11-7, as added by this act, as the political subdivision could have raised if IC 6-11 through IC 6-13, all as added by this act, had not been enacted; and

(2) receive substantially similar distributions under IC 6-11-8, as added by this act, as the political subdivision could have received under the county adjusted gross income tax, county option income tax, and county economic development income tax.

(d) The legislative council shall provide for introduction of corrective legislation in the 2006 session of the general assembly to:

(1) bring any law in conflict with this act (including any law enacted in the 2005 session of the general assembly) into conformity with this act;

(2) make any technical change necessary or appropriate as the result of the passage of this act; and

(3) make any changes in IC 6-11 through IC 6-15, all as added by this act, or other related amendments in this act that are necessary to carry out the intent of the general assembly expressed in this SECTION.

(e) The department of local government finance is authorized to make the adjustments in taxes, tax rates, allocations, and distributions otherwise required by IC 6-11 through IC 6-13, all as added by this act, to carry out the intent of this SECTION in 2005 and 2006. In order to assist the general assembly with bringing the provisions of IC 6-11 through IC 6-13, all as added by this act, into conformity with the intent of the general assembly, the department of local government finance shall submit an initial report of its activities under this subsection before July 1, 2006, and a final report, before November 1, 2006, to the general assembly in an electronic format under IC 5-14-6 and to the governor. The department of local government finance may submit additional preliminary reports or recommendations as the department determines appropriate

to assist the general assembly with carrying out subsection (d).  
SECTION 128. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding the effective dates included in HEA 1003-2005, the following provisions take effect February 9, 2005, and not July 1, 2005:

(1) SECTIONS 66 through 85 of HEA 1003-2005.

(2) SECTIONS 102 through 110 of HEA 1003-2005.

(3) SECTION 112 of HEA 1003-2005.

(b) The actions taken by the Indiana economic development corporation to administer IC 6-3.1-13 and IC 6-3.1-26, both as amended by HEA 1003-2005, after February 8, 2005, and before the effective date of this act, are legalized and validated.

SECTION 129. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: (a) IC 6-3.1-26-14, IC 6-3.1-26-15, IC 6-3.1-26-16, and IC 6-3.1-26-18, all as amended by this act, apply only to credits awarded by the Indiana economic development corporation under IC 6-3.1-26 after June 30, 2005. Credits awarded under IC 6-3.1-26 before July 1, 2005, remain subject to the provisions of IC 6-3.1-26 as in effect on June 30, 2005.

(b) IC 6-3.1-26-8, as amended by this act, applies to taxable years beginning after December 31, 2005.

SECTION 130. [EFFECTIVE JULY 1, 2005] (a) The Indiana department of administration shall, before January 1, 2006, adopt policies and standards under IC 4-13-1-4(16), as added by this act, for using state owned property as locations for making motion pictures.

(b) This SECTION expires January 2, 2006.

SECTION 131. [EFFECTIVE JULY 1, 2005] Notwithstanding IC 6-7-1-14, revenue stamps paid for before July 1, 2005, and in the possession of a distributor may be used after July 1, 2005, only if the full amount of the tax imposed by IC 6-7-1-12, as effective after June 30, 2005, and as amended by this act, is remitted to the department of state revenue under procedures prescribed by the department.

SECTION 132. [EFFECTIVE JULY 1, 2005] (a) IC 6-1.1-12.4, as added by this act, applies only to:

(1) real property development, redevelopment, or rehabilitation; and

(2) personal property installation;

that occurs as described in that chapter after March 1, 2005.

(b) The definitions in IC 6-2.5 apply throughout this subsection. For purposes of IC 6-2.5-6-16, as added by this act, all transactions shall be considered as having occurred after June 30, 2005, to the extent that delivery of the property or services constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before July 1, 2005, to the extent that the agreement of the parties to the transaction was entered into before July 1, 2005, and payment for the property or services furnished in the transaction is made before July 1, 2005, notwithstanding the delivery of the property or services after June 30, 2005.

(c) The definitions in IC 6-2.5 apply throughout this subsection. For purposes of IC 6-2.5-5-39, as added by this act, all transactions shall be considered as having occurred after June 30, 2007, to the extent that delivery of the property or

services constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before July 1, 2007, to the extent that the agreement of the parties to the transaction was entered into before July 1, 2007, and payment for the property or services furnished in the transaction is made before July 1, 2007, notwithstanding the delivery of the property or services after June 30, 2007.

(d) IC 6-3.1-4-2, as amended by this act, applies only to taxable years beginning after December 31, 2007.

(e) IC 6-3.1-4-3, as amended by this act, applies to taxable years beginning after December 31, 2005. A taxpayer with a credit carryover under IC 6-3.1-4-3 on December 31, 2005, from a taxable year beginning before January 1, 2006, may carry the excess credit over for a period not to exceed the ten (10) taxable years following the taxable year in which the taxpayer was first entitled to claim the credit. This subsection shall not be construed to disallow any part of an excess credit used under IC 6-3.1-4-3, as effective before amendment by this act, for any taxable year ending before January 1, 2005.

SECTION 133. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: (a) IC 6-3.1-24-7, IC 6-3.1-24-9, and IC 6-3.1-24-12.5, all as amended by this act, apply to taxable years beginning and proposed investment plans approved after December 31, 2004.

(b) IC 6-3.1-24-12, as amended by this act, applies to taxable years beginning after December 31, 2005. A taxpayer with a credit carryover under IC 6-3.1-24-12 on December 31, 2005, from a taxable year beginning before January 1, 2006, may carry the excess credit over for a period not to exceed the five (5) taxable years following the taxable year in which the taxpayer was first entitled to claim the credit. This subsection shall not be construed to disallow any part of an excess credit used under IC 6-3.1-24-12, as effective before amendment by this act, for any taxable year ending before January 1, 2006.

SECTION 134. [EFFECTIVE JULY 1, 2005] For purposes of IC 6-2.5-5-37, as amended by this act, all transactions shall be considered as having occurred after June 30, 2005, to the extent that delivery of the property or services constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before July 1, 2005, to the extent that the agreement of the parties to the transaction was entered into before July 1, 2005, and payment for the property or services furnished in the transaction is made before July 1, 2005, notwithstanding the delivery of the property or services after June 30, 2005.

SECTION 135. [EFFECTIVE JULY 1, 2005] IC 7.1-4-2-1, IC 7.1-4-3-1, IC 7.1-4-4-1, IC 7.1-4-4.5-1, IC 7.1-4-5-1, IC 7.1-4-6-4, and IC 7.1-4-7-7 all as amended by this act, apply to transactions occurring after June 30, 2005.

SECTION 136. [EFFECTIVE JULY 1, 2005] (a) IC 6-1.1-12-34.5, as added by this act, applies to property tax assessments made after December 31, 2005.

(b) IC 6-1.1-12-35.5 and IC 6-1.1-12-36, both as amended by this act, apply to property tax assessments made after December 31, 2005.

SECTION 137. [EFFECTIVE JULY 1, 2005] The following, all as amended by this act, apply only to property taxes first due and payable after December 31, 2006:

- (1) IC 6-1.1-12.1-5.4.
- (2) IC 6-1.1-12.1-5.6.
- (3) IC 6-1.1-12.1-5.9.
- (4) IC 6-1.1-12.1-8.
- (5) IC 6-1.1-12.1-14.

SECTION 138. [EFFECTIVE JANUARY 1, 2006] IC 6-1.1-45, as added by this act, applies to assessment dates occurring after February 28, 2006, for property taxes first due and payable after December 31, 2006.

SECTION 139. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding any other law, the legislative body of each unit (as defined in IC 36-1-2-23) that contains the geographic area of an enterprise zone shall, before December 1, 2005, adopt and forward to the enterprise zone board a resolution containing the legislative body's recommendation as to whether the zone should:

- (1) continue in existence, subject to the renewal schedule set forth in IC 4-4-6.1-3 of this chapter; or
- (2) be terminated effective December 31, 2005.

A legislative body that fails to adopt a resolution under this subsection is considered to have adopted a resolution recommending the termination of the zone for purposes of subsection (b).

(b) Notwithstanding any other law, if the legislative body of a unit adopts a resolution recommending the termination of an enterprise zone under subsection (a)(2), that enterprise zone is terminated effective December 31, 2005.

(c) This SECTION expires July 1, 2006.

SECTION 140. [EFFECTIVE MAY 15, 2005] (a) If a member of the board of directors of the Indiana stadium and convention building authority to be appointed under IC 5-1-17-7(a)(4) or IC 5-1-17-7(a)(5) is not appointed for the initial term on or before June 30, 2005, the governor shall appoint that member for the initial term.

(b) This SECTION expires July 1, 2006.

SECTION 141. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 9-18-49-4(a)(2) and IC 9-29-5-38(d)(4), both as added by this act, the bureau of motor vehicles shall carry out the duties imposed upon it by IC 9-18-49-4(a)(2) and IC 9-29-5-38(d)(4), both as added by this act, under interim written guidelines approved by the commissioner of the bureau of motor vehicles.

(b) This SECTION expires the earlier of the following:

- (1) The date rules are adopted under IC 9-18-49-4(a)(2) and IC 9-29-5-38(d)(4).
- (2) December 31, 2006.

SECTION 142. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 9-18-49-6, as added by this act, the budget agency shall carry out the duties imposed upon it by IC 9-18-49-6, as added by this act, under interim written guidelines approved by the director of the budget agency.

(b) This SECTION expires the earlier of the following:

- (1) The date rules are adopted under IC 9-18-49-6.
- (2) December 31, 2006.



SECTION 143. **An emergency is declared for this act.**  
 (Reference is to HB 1120 as reprinted February 1, 2005.)  
 and when so amended that said bill do pass.  
 Committee Vote: Yeas 8, Nays 4.

KENLEY, Chair

Report adopted.

#### MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has passed, without amendments, Engrossed Senate Bills 43, 60, 111, 175, 303, 315, and 513 and the same are herewith returned to the Senate.

M. CAROLINE SPOTTS  
 Principal Clerk of the House

#### MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has passed Engrossed Senate Bills 14, 30, 32, 49, 64, 75, 96, 196, 230, 304, 329, 432, 459, 472, 481, 487, 512, and 568 with amendments and the same are herewith returned to the Senate for concurrence.

M. CAROLINE SPOTTS  
 Principal Clerk of the House

#### MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has passed Engrossed Senate Bills 15 and 202 with amendments and the same are herewith returned to the Senate for concurrence.

M. CAROLINE SPOTTS  
 Principal Clerk of the House

#### MESSAGE FROM THE HOUSE

Madam President: I am directed by the House to inform the Senate that the House has passed House Concurrent Resolution 36 and the same is herewith transmitted for further action.

M. CAROLINE SPOTTS  
 Principal Clerk of the House

### ENGROSSED HOUSE BILLS ON SECOND READING

#### Engrossed House Bill 1069

Senator M. Young called up Engrossed House Bill 1069 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

#### Engrossed House Bill 1129

Senator Zakas called up Engrossed House Bill 1129 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

#### Engrossed House Bill 1141

Senator Harrison called up Engrossed House Bill 1141 for second

reading. The bill was read a second time by title.

#### SENATE MOTION (Amendment 1141-1)

Madam President: I move that Engrossed House Bill 1141 be amended to read as follows:

Page 5, between lines 27 and 28, begin a new paragraph and insert:

"SECTION 20. IC 33-33-54-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) There ~~is~~ **are** established ~~a court two (2) courts~~ of record to be known as the:

(1) Montgomery superior court **No. 1; and**

(2) **Montgomery superior court No. 2.**

(b) ~~The Each~~ Montgomery superior court is a standard superior court as described in IC 33-29-1.

(c) Montgomery County comprises the judicial district of ~~the each~~ court.

SECTION 21. IC 33-33-54-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. ~~The Each~~ court has one (1) judge who shall hold sessions in:

(1) the Montgomery County courthouse in Crawfordsville; or

(2) other places in the county as the Montgomery County executive may provide.

SECTION 22. IC 33-33-54-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. ~~The Each~~ Montgomery superior court has the same jurisdiction as the Montgomery circuit court.

SECTION 23. IC 33-33-54-6 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 6. Beginning January 1, 2006, each Montgomery superior court has a standard small claims and misdemeanor division."**

Renumber all SECTIONS consecutively.

(Reference is to EHB 1141 as printed April 1, 2005.)

MEEKES

Motion prevailed. The bill was ordered engrossed.

#### Engrossed House Bill 1142

Senator Kenley called up Engrossed House Bill 1142 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

#### Engrossed House Bill 1159

Senator Zakas called up Engrossed House Bill 1159 for second reading. The bill was read a second time by title.

#### SENATE MOTION (Amendment 1159-1)

Madam President: I move that Engrossed House Bill 1159 be amended to read as follows:

Page 4, line 2, delete "senior" and insert "**adult**".

(Reference is to EHB 1159 as printed April 1, 2005.)

ZAKAS

Motion prevailed. The bill was ordered engrossed.

**Engrossed House Bill 1198**

Senator Kenley called up Engrossed House Bill 1198 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

**Engrossed House Bill 1217**

Senator Clark called up Engrossed House Bill 1217 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

**Engrossed House Bill 1315**

Senator Lewis called up Engrossed House Bill 1315 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

**Engrossed House Bill 1320**

Senator Miller called up Engrossed House Bill 1320 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

**Engrossed House Bill 1346**

Senator Harrison called up Engrossed House Bill 1346 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

**Engrossed House Bill 1403**

Senator Paul called up Engrossed House Bill 1403 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

**Engrossed House Bill 1590**

Senator Long called up Engrossed House Bill 1590 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

**Engrossed House Bill 1611**

Senator Merritt called up Engrossed House Bill 1611 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

**Engrossed House Bill 1822**

Senator Lanane called up Engrossed House Bill 1822 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

**Engrossed House Bill 1126**

Senator Riegsecker called up Engrossed House Bill 1126 for second reading. The bill was read a second time by title. There being no amendments, the bill was ordered engrossed.

**ENGROSSED HOUSE BILLS  
ON THIRD READING****Engrossed House Bill 1073**

Senator Riegsecker called up Engrossed House Bill 1073 for third

reading:

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 342: yeas 47, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Chair instructed the Secretary to inform the House of the passage of the bill.

**Engrossed House Bill 1495**

Senator Server called up Engrossed House Bill 1495 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning utilities and transportation.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 343: yeas 47, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Chair instructed the Secretary to inform the House of the passage of the bill.

**MOTIONS TO DISSENT  
FROM HOUSE AMENDMENTS****SENATE MOTION**

Madam President: I move that the Senate do not concur with the House Amendments to Engrossed Senate Bill 578 and that a conference committee be appointed to confer with a like committee of the House.

HERSHMAN

Motion prevailed.

**SENATE MOTION**

Madam President: I move that the Senate do not concur with the House Amendments to Engrossed Senate Bill 30 and that a conference committee be appointed to confer with a like committee of the House.

ALTING

Motion prevailed.

**SENATE MOTION**

Madam President: I move that the Senate do not concur with the House Amendments to Engrossed Senate Bill 242 and that a conference committee be appointed to confer with a like committee of the House.

LONG

Motion prevailed.

SENATE MOTION

Madam President: I move that Senator Broden be added as coauthor of Engrossed Senate Bill 213.

M. YOUNG

Motion prevailed.

**MOTIONS TO DISSENT  
FROM HOUSE AMENDMENTS**

SENATE MOTION

Madam President: I move that the Senate do not concur with the House Amendments to Engrossed Senate Bill 79 and that a conference committee be appointed to confer with a like committee of the House.

WYSS

Motion prevailed.

SENATE MOTION

Madam President: I move that Senators Breaux, Sipes, Broden, and Alting be added as cosponsors of Engrossed House Bill 1159.

ZAKAS

Motion prevailed.

SENATE MOTION

Madam President: I move that Senators Harrison and Dillon be added as coauthors of Senate Concurrent Resolution 43.

HERSHMAN

Motion prevailed.

SENATE MOTION

Madam President: I move that Senator Howard be added as cosponsor of Engrossed House Bill 1495.

SERVER

Motion prevailed.

SENATE MOTION

Madam President: I move that Senator Craycraft be added as cosponsor of Engrossed House Bill 1495.

SERVER

Motion prevailed.

SENATE MOTION

Madam President: I move that Senator Hershman be added as cosponsor of Engrossed House Bill 1073.

RIEGSECKER

Motion prevailed.

SENATE MOTION

Madam President: I move we adjourn until 2:30 p.m., Tuesday, April 5, 2005.

GARTON

Motion prevailed.

The Senate adjourned at 2:32 p.m.

MARY C. MENDEL  
Secretary of the Senate

REBECCA S. SKILLMAN  
President of the Senate